

Nation's Business

A USEFUL LOOK AHEAD

JUNE 1963

Secretary of State Rusk:

AMERICA'S BRIGHTEST OPPORTUNITIES

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JOBS FOR THE FUTURE

**SPECIAL
FIVE-PART
REPORT**

PAGE 31



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TO LOWER COSTS, LITERALLY CUT CORNERS

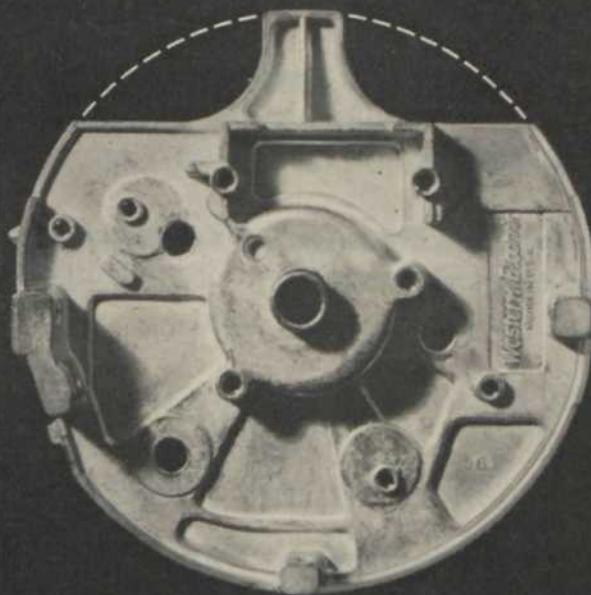
In these days of rising prices, progressive managements are re-evaluating every aspect of production in an effort to find new ways to lower costs. At Western Electric, the manufacturing and supply unit of the Bell Telephone System, we have maintained a systematic engineering cost reduction program for more than 30 years in support

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June 1963 Vol. 51 No. 6

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Washington, D.C.

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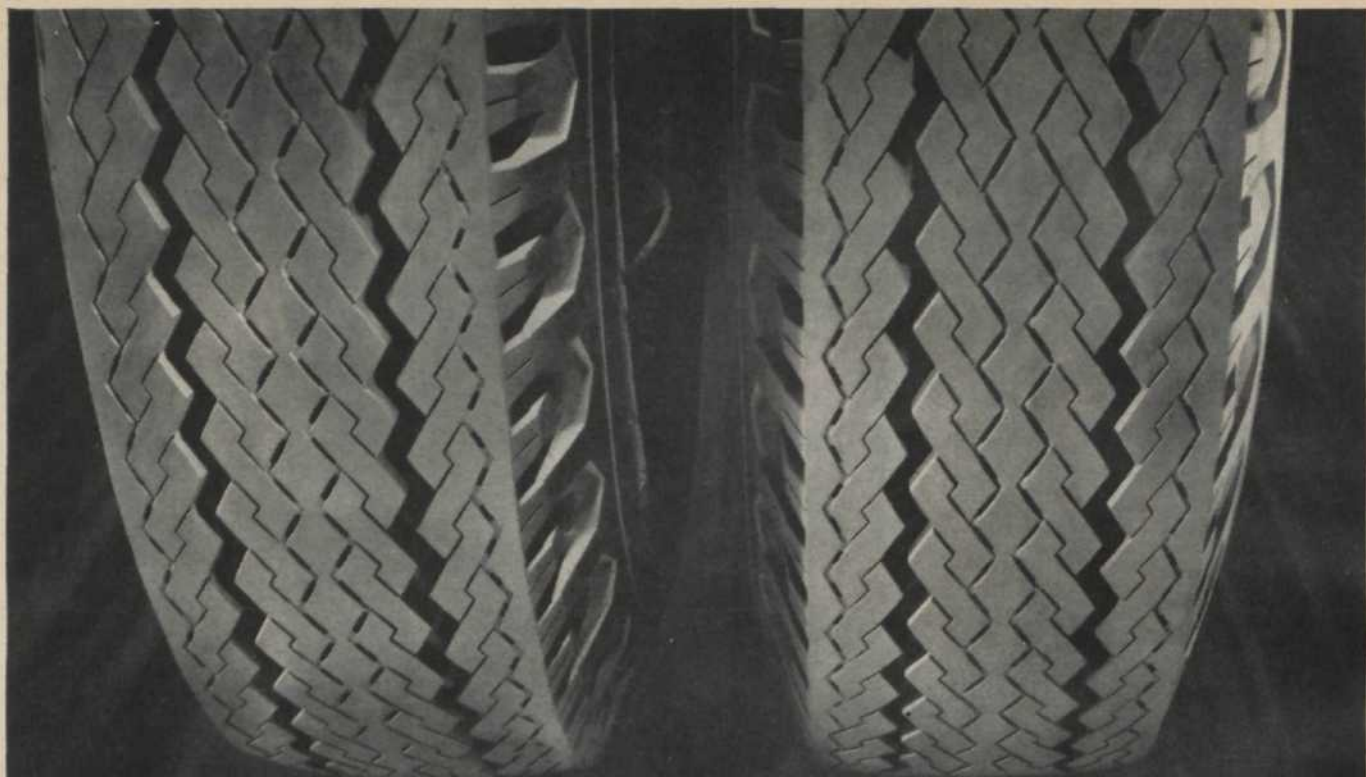
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WASHINGTON BUSINESS OUTLOOK

Good signs for coming months are growing more numerous.

Example: Businessmen are enlarging stockpile of goods on hand—expanding inventories—in anticipation of faster sales pace.

Inventory managers see sales rise coming, are getting ready for it.

Rise in production of goods for the shelf accounts for some of the current pickup in total business activity.

But basic growth forces are stronger than this.

Economists in Washington now think national growth rate will pick up faster this summer and fall, putting total production of goods and services up near \$600 billion annual rate about nine months from now.

After that? Question mark.

There's a cloud on '64 economic horizon.

Indicated is possibility of a new period of slower growth coming in time to make front page news along with next year's election campaigns.

This prospect worries top politicians in Washington.

Right kind of tax cut, authorities agree, could help America sidestep a '64 slowdown.

That's why New Frontier leaders are pushing harder to get congressional tax action. Politicians want no economic troubles to fog election issues.

Watch for compromise of President Kennedy's January tax proposals to be worked out.

Administration is getting set to give in to congressional pressures on controversial measures in order to spur Congress to action before adjournment this year.

Capital spending by business will figure importantly as expansion force during next 12 months.

This is the view of Donald R. Melville, business economist and director of marketing for Continental Can Company.

"Rising costs make investment in new and more efficient equipment particularly attractive," he tells Nation's Business.

Mr. Melville believes business will continue to make gains—though progress will be uneven—during year ahead. He looks for a pause, for

NEW OPTIMISM SHOWS UP IN SPENDING FOR PLANTS



example, while steel inventories are worked off in the third quarter.

Profits?

"I expect that it will continue to be unusually difficult to improve profits in this period, principally because of the continuing and steady rise in wage costs.

"However, I do believe that business has made major progress toward better cost control and that profit performance in the next few years will, therefore, be considerably better than it was in the late 1950's."

Tomorrow's best business opportunity probably lies in the activities market, rather than the luxury market as businessmen generally think of it.

This is a prediction of Peter F. Drucker of the

New York University Graduate School of Business and authority on management trends.

Mr. Drucker says:

"Today's new consumers know quite well what they want, although they do buy different things, in different places, and in different ways than before."

We've had an economy of goods and services, he points out, but for the future "we will increasingly talk of goods, services, and activities—for activities are not only a large and growing market, but a very different market."

Faster business pace during remaining months this year won't shave federal deficit as you are being told by Washington officials.

Reason: Treasury Department based early revenue estimates on profit level this year that probably will prove too high. Businessmen and economists generally think earnings will be near past year's level.

Even if earnings do turn out better than businessmen's expectations, they're unlikely to surpass Treasury's first prediction.

Which means: Tax collections will probably fall about \$12 billion short of federal expenditures proposed for fiscal 1964.

Way to shave that deficit:

Cut spending.

It's folly, economists say, to count on business improving enough to change red-ink prospects by very much—in view of spending trends.

Moves are under way in Congress to reduce spending.

Outcome will be determined in weeks ahead as members vote on new spending authority.

Item-by-item review of government programs shows how to reduce spending.

Details are available in:

"117 Ways to Cut the Budget," Chamber of Commerce of the United States, 1615 H Street, N. W., Washington 6, D. C.

Secretary of State Rusk says more commercial services will be provided by foreign service posts.

But it's up to businessmen—not government, he says, to find and develop new export markets.

"Markets of the future," he says, "will go to the firms which are enterprising and farsighted today."

Secretary Rusk details his views on page 77.

What's ahead for stock prices? Nation's Business asked leading bank authorities.

Their answer: Some fluctuations expected, averaging in general upward drift for remainder of '63.

Bankers' views in detail on page 56.

Confidence in business future is shown by growing number of Americans who invest.

New York Stock Exchange study indicates number of shareowners has been rising about 1.5 million a year. One in every six adults is a shareowner.

Number is expected to continue growing, say bankers surveyed.

WHO BUYS STOCKS

| Occupational groups | Number of shareowners |
|----------------------------------|-----------------------|
| Clerical and sales people | 3,000,000 |
| Professional, semi-professional | 2,700,000 |
| Proprietors, managers | 2,300,000 |
| Craftsmen, foremen | 930,000 |
| Operatives, laborers | 440,000 |
| Service workers | 425,000 |
| Farmers, farm laborers | 65,000 |
| Housewives and nonemployed women | 5,500,000 |
| Nonemployed men | 1,000,000 |
| Minors | 450,000 |

New York Stock Exchange study

WASHINGTON BUSINESS OUTLOOK

Change in union emphasis on fringe benefits is coming.

That's view of Dean George P. Shultz of University of Chicago's Graduate School of Business.

Here's why:

Coming four or five years from now will be a flood of young people who'll want different emphasis than today's workers.

Young people, he believes, will pressure union leaders to stress higher pay and current benefits.

Dean Shultz points out that today's benefit programs were designed for an aging work force which tends to look toward retirement, and he questions whether this package will satisfy younger workers who will dominate tomorrow's unions.

Fringe costs now add about 25 per cent to hourly pay costs.

Dean thinks new examination of these programs will be required for years ahead.

How much unemployment can be eliminated by retraining workers?

That's a problem bothering many economists and businessmen.

Answer, of course, depends on whether retraining is directed toward skills that are in short supply and whether workers will be willing to move to new locations where jobs await them.

Here are some simple economics that point to reasons and solutions for jobless problems:

Rule of thumb is that total output of goods and services has to go up approximately \$20 billion in order to boost total employment by one million workers.

In recent years the work force has been going up an average of about 700,000 a year. Now we're moving into years when work force will be going up a million a year or more.

Rule-of-thumb formula indicates, then, that total production would have to go up more than

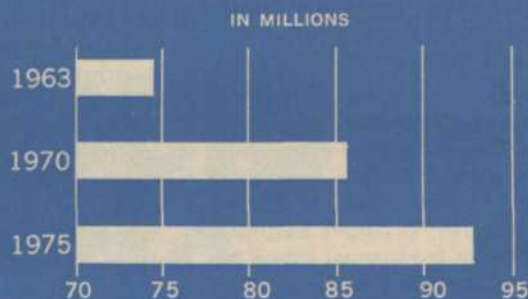
\$20 billion a year just to stay even with previous year's unemployment.

To shrink the jobless total, we'll need to expand at a much faster pace, say \$30 billion to \$40 billion per year.

Can we reach that level of expansion?

Probably so, economists say, if high taxes are reduced to provide more money and incentive for business investment.

HOW NUMBER OF AMERICANS IN WORK FORCE WILL GROW



Next news you'll hear from Washington about unemployment will make a splash.

Here's why: When school's out this month about 2.5 million youngsters will be turned loose in the jobs market. Some will find employment; others won't.

That'll mean both employment and unemployment will go up, distorting statistics for summer months.

Beneath distortions, statistics will show that employment picture is improving.

Thought for today: Axel Oxenstierna, former chancellor of Sweden, wrote to his son:

"You do not know, my son, with how little wisdom the world is governed."

Sound familiar?

Axel Oxenstierna died 309 years ago.

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Business opinion:

Washington Trade official raises sharp objection

IN THE MAY issue of NATION'S BUSINESS there was a page headed "Washington Slept Here—3" which is a distorted and deceptive statement.

Certainly "Washington—your federal city—has the largest number of municipal employes in the country among cities of comparable size." It should have. It must have. The people who gather the Commerce Department figures know that the District of Columbia conducts all the activities and furnishes all the services which states, counties, and municipalities support in every other city in this country.

Do you know of any other municipality which operates TB hospitals, teachers colleges, an insurance department, automobile registration, driver licensing, and a long list of other functions performed here?

Do you know of any other municipality which is classed as a state under the federal public roads program, the Social Security law and similar federal aid programs?

Do you know of any other municipality which contracts with contiguous jurisdictions—counties and states—to furnish water, sewage disposal, and such services?

Do you know of any other municipality which must furnish police service for the protection of officials and handling ceremonials for the United States government and an almost daily schedule of visits by heads of government around the globe?

I think the United States is involved in too many local activities which should be reserved to the states and municipalities. But this city, under the terms of the Constitution, is the federal city and its control is vested in the Congress. That is as it should be. It does, however, create a situation which makes Washington incomparable to cities of comparable size or to any other city of any size.

We don't agree with everything that's done here. As you know, we

are constantly endeavoring to persuade Congress to alter many facets of D. C. government, including curtailment of some activities and expansion of others where Washington is deficient compared with many large cities. But we learned many years ago that averaging statistics, and particularly those concerning the large cities of this country, is a meaningless, misleading exercise.

WILLIAM H. PRESS
Executive Vice President
The Metropolitan Washington
Board of Trade
Washington, D. C.

The Commissioners have read with considerable concern your editorial. The Census Bureau statistical report on this subject warned users: "Any intercity comparisons based on these figures should nonetheless be made with caution."

Also: "Washington, D. C. represents a unique case, since it also performs functions which elsewhere are commonly handled by a state government."

Only a detailed function by function comparison of manpower can have any actual validity. However, over-all general measure of our city can be made with national totals for state and local government since our employment is one quarter noncity and three quarters city as to type of function. We therefore point out that state and local government employment in the nation has risen faster than, and in relation to population, is slightly in excess of, total employment by the District.

WALTER N. TOBRINER
President
Board of Commissioners
Washington, D. C.

"Washington Slept Here" was excellent so I asked my local paper, The Spartanburg Herald-Journal, to reprint it. Copy enclosed.

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 Boxes or crates (including
 fiberboard)
 Boiler cleansing compounds
 Books
 Brake blocks
 Brake linings
 Brake or shock absorber fluids
 Brassieres
 Brushes
 Buffing or polishing compounds
 Builders' Hardware specialties
 Building or paving materials
 Burial case or casket accessories
 Business machines and parts
 Buttons or button heads
 Calendars
 Cameras
 Candles
 Candy or confectionery
 Carbon, activated
 Carbon brushes
 Carpets and rugs
 Cases, eye glass
 Casings (food)
 Caster bolts (forks, sockets and
 wheels)
 Casters, furniture
 Casters, truck
 Catalogs
 Cellulose film products
 Cement (flooring)
 Cement (liquid or other)
 Cement (compound, building
 or floor)
 Chair cushions and covers
 Chemicals
 Chewing gum
 Children's vehicles
 Chocolate
 Cigars
 Cigarettes
 Circuit breakers
 Cleaning, scouring or washing
 compounds
 Clocks
 Cloth, dry goods or fabrics
 Cloths or rags (wiping)
 Conduits or fittings
 Coolers, cooling boxes or
 refrigerators
 Cordage
 Couplings
 Crucibles or muffles
 Crude petroleum treating
 compounds
 Curtains
 Curtain poles or rods

Curtain pole or rod fixtures
 Deodorants, household
 Disinfectants (household)
 Dishware
 Draperies
 Drugs
 Dry goods
 Dye stuffs
 Electrical appliances or
 equipment
 Electric fans
 Electric motors
 Electric razors
 Electric switches
 Electric tools
 Electronic parts
 Envelopes and patterns
 Fabrics
 Farm implements and parts
 Fasteners
 Fertilizer applicators
 Fertilizing compounds
 (manufactured)
 Film (unexposed)
 Firearms and parts
 Fire extinguisher charges or
 compounds
 Fire extinguishers
 Fire extinguisher shells
 First aid kits
 Flags and flag poles
 Flashlights
 Floor coverings and related
 articles
 Foil or foil wrappers
 Footwear
 Furniture
 Generators
 Girdles
 Glue
 Graphite articles
 Grave markers and accessories
 Grave vaults
 Greeting cards
 Hair cutting kits or clippers
 Hammocks
 Handbags and purses
 Hand tools (electric and
 pneumatic)
 Hangers (garment)
 Hardware, such as:
 Brackets
 Catches or latches
 Chains
 Door checks
 Door hangers or rails
 Fasteners
 Hinges or butts
 Holloware
 Key blanks
 Knobs
 Locks or lock sets
 Screw eyes or hooks
 Heels or soles
 Hoists
 Household appliance parts
 Household utensils
 Horns and signals
 Hose (rubber or plastic)
 Infants' wear
 Ink (printing)
 Insecticides or fungicides
 (agricultural)
 Insecticides, insect repellents
 (household)
 Insulating materials
 Insulators

Junction boxes
 Labels (paper or cloth)
 Lanterns
 Lighting fixtures
 Leaflets
 Leather finishing or softening compounds
 Letterheads
 Lift jacks
 Liquors and wines
 Laboratory equipment
 Lubricating system sight feed fluid
 Machine parts
 Machinery or machines
 Magazines
 Magazine covers
 Magnetic tape
 Matrix
 Mats, table or counter
 Medicines
 Metals or alloys
 Metal cutting, drawing or drilling lubricants
 Meters
 Nails or spikes
 Oils (lubricating)
 Oil, water or gas well outfits and supplies
 Packing
 Packing devices
 Pads or padding (cotton)
 Paint sets
 Paints, paint materials or putty
 Pallets, platforms or skids
 Paper
 Pencils
 Pens
 Photographic equipment and supplies
 Piece goods
 Pipe or fittings
 Plaster grounds
 Plastic materials
 Plastic or rubber articles
 Playing cards
 Plumbing and heating supplies and fixtures
 Plumbers' goods
 Pole or transmission line construction material
 Polyethylene film
 Printed matter
 Printers equipment or supplies
 Printing plates (letterpress or lithography)
 Radiators (engine cooling)
 Razors and razor blades
 Refrigerating compound
 Refrigerators and parts
 Rope
 Rubber and rubber products
 Rugs and carpets
 Safes or safe and vault parts
 Saw blades
 Sealing tape
 Seeds
 Sheets
 Sheet music
 Sheet Steelware
 Shells
 Shock absorbers
 Shoes

Signals or signs (traffic)
 Signs (metal)
 Silicon carbide briquettes
 Silicon carbide, crude
 Silverware and Tableware
 Snuff
 Soap
 Spark plugs
 Speedometer (or speed indicator) connections
 Speedometers
 Sporting goods
 Sprayers
 Sprinklers
 Sprinkler heads
 Spools
 Spool heads or centers
 Stationery (and supplies)
 Stoves
 Sump pumps
 Surgical or medical instruments
 Swim wear and caps
 Tablecloths
 Tags
 Tanks (air pressure)
 Tape (magnetic, sound recording)
 Tarpaulins
 Telephones, sets or parts
 Tents
 Textile machine parts
 Thermostats
 Tile or tiling
 Tire and tube repair materials
 Tobacco products
 Toilet preparations
 Tool stands or cabinets
 Tools (Hand and power—electric and pneumatic) such as:
 Axes
 Bars (claw, crow, wrecking)
 Bits (auger or drill mine)
 Drain cleaners
 Drill or auger bits
 Drills (hand, mine, star)
 Forks
 Garden tool sets
 Grease, oil or caulking guns
 Jacks
 Lasts
 Mallets
 Oil cans
 Paint applicators (roller)
 Pumps
 Shovels, scoops
 Squillgees
 Stamps (dies)
 Tools in chests or boxes
 Torches
 Vises
 Wedges
 Towels
 Tractor parts
 Truck and trailer parts and accessories
 Tricycles and parts
 Tubing and fittings
 Tufted textile products
 Vacuum cleaners and parts
 Valves (tires)
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 Vehicle parts
 Washers or gaskets
 Water (drinking)
 Wax, Bees'

Wearing apparel
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 Welding electrodes
 Welding compound
 Welding kits
 Wheels or wheel blanks
 Windshield wiper arms, blades and motors
 Wines and liquors
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 Wire goods
 Wrapping paper
 Yarn

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- Lighten your information load
- Why managers want out

Today's jobs won't necessarily be the jobs of tomorrow.

In fact, it's a predictable certainty that many executive and subexecutive positions in business and industry now will dwindle in number in the next decade, or vanish altogether.

It's also predictable, according to automation expert John Diebold, that the years ahead will bring the emergence of entirely new kinds of employment. Some jobs already in existence—but limited in number—will experience rapid growth.

At the request of NATION'S BUSINESS editors, Mr. Diebold listed job fields which look brightest to him—and the reasons why. Here are some of his choices:

Civil engineers—more roads and bridges will boost the need for engineers, even though much of this work can be computerized. Good possibilities in waste disposal and water desalinization also will provide continuing employment opportunity.

Economists—the need for economists will increase because of greater emphasis on financial planning, long-range forecasting and more scientific management.

Market researchers—new products and increased competition will create demand for depth-survey interviewers and data analysts.

Occupations which Mr. Diebold predicts will be dead ends in the future include assembly line work, some banking positions, railroad dispatching, bookkeeping, court reporting (reporters will be supplanted by use of automatic recording and transcribing equipment).

For a comprehensive forecast and

interpretation of future manpower requirements, see page 31.

• • •

These suggestions can help you reduce the pressure of your daily information load:

1. Absorb information in chunks, through fast scanning.
2. Delegate some of the information flowing to your desk to subordinates.
3. Give less precise answers than might seem required in a given situation, thus saving time.
4. Filter out information by assigning it a priority.

These ideas are offered by Dr. James G. Miller, director of the Mental Health Research Institute of the University of Michigan.

Dr. Miller says executives should not feel guilty because they have to resort to such techniques. By using the proper mix of defenses against an information overload, he asserts, businessmen can better cope with their work.

Note: Dr. Miller expects machine systems to help ease the information burden in the future by providing executives with simple facts on demand. This relief, he says, will give managers "immense opportunities for creativity."

• • •

Looking back at the end of each working day can help you improve your job performance and, at the same time, enhance your peace of mind.

That's the strongly held belief of an executive who once was a successful manager in a major manufacturing industry and now heads



Super Hi-Miler (at left) vs. comparably priced truck tire (at right) after typical accelerated, high-speed, overloaded, 50,000-mile test on same equipment, over same roads, with same driver.

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yes! A new wide-tread pattern lengthens Super Hi-Miler life. Tread wear is distributed over much greater area to reduce *rate* of wear and increase mileage.

yes! Super Hi-Miler beats tire-killing heat. Dual-compounded tread has a resilient inner tread to cut heat buildup. Open shoulder grooves dissipate heat further.

yes! There's longer wear in compact continuous ribs, too. No small segments to squirm and scuff away mileage. Deeper outer grooves for extra traction, extra safety.

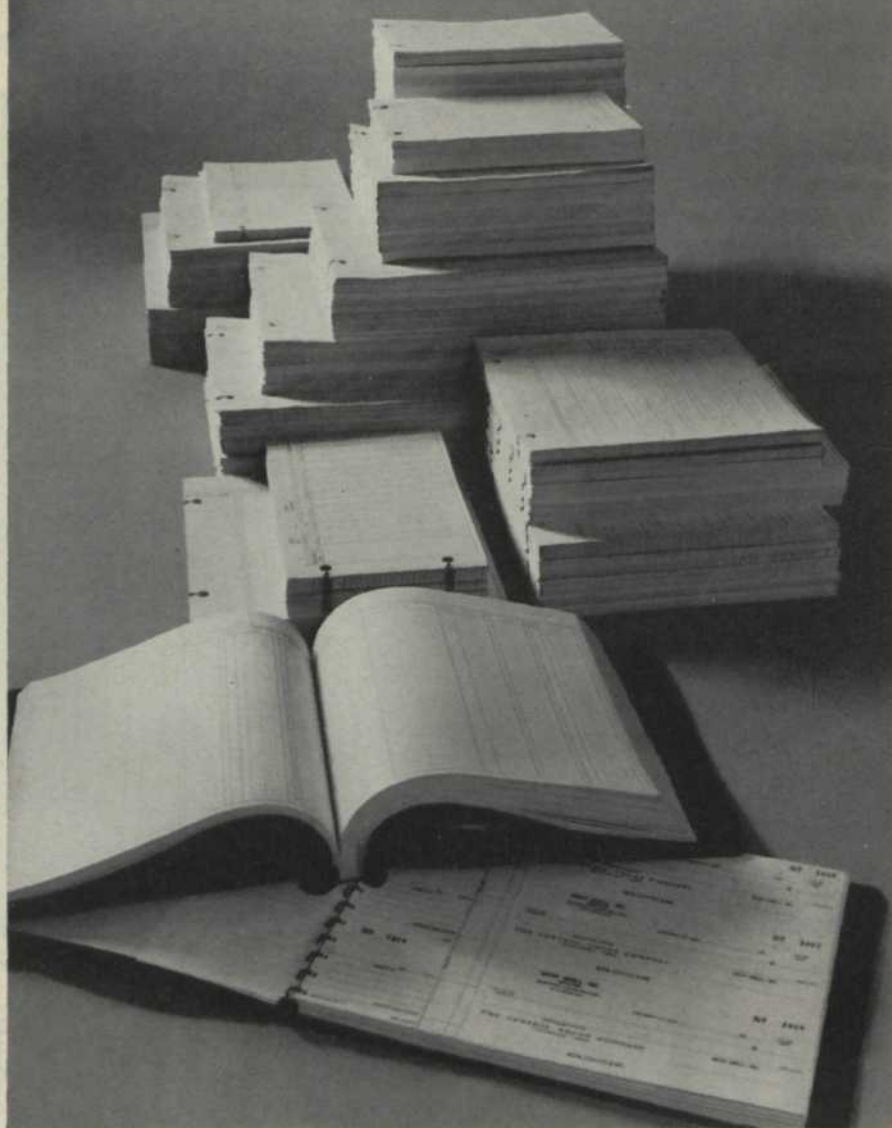
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yes! Goodyear's new Super Hi-Miler with TUF SYN rubber outwears any other truck tire of its kind. Save with Super Hi-Miler truck tires! Goodyear, Akron 16, Ohio.

GOOD YEAR

Hi-Miler, Tufsyn—T.M.'s The Goodyear Tire & Rubber Company, Akron, Ohio

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EXECUTIVE TRENDS

continued

a large consulting firm. He explains that he makes a self-analysis at the end of each day—often at home. He recommends the technique for all who carry leadership responsibility.

How does it work?

"I sit down and review the events of the day. I evaluate the decisions I made. Were they good or bad? Was I too harsh or too lenient in dealing with my subordinates?"

Such searching questions, the consultant explains, help him to gain new insights into his actions and enable him to improve his handling of subsequent situations. On more than one occasion, he says, he has telephoned an associate or subordinate in the evening to straighten out matters which, on reflection, he felt he handled unfairly or unwisely during the day.

• • •

If you were asked to rate the qualities most essential for success in business, which would you select?

Courage?

Integrity?

High intelligence?

Perhaps you'd choose all of these.

NATION'S BUSINESS asked some 20 authorities—including successful businessmen—for their selections. On page 66 you'll find an article telling how the experts responded. Some of the comments may surprise you.

Here are a few remarks from the survey:

Consultant Milton Rock of Philadelphia:

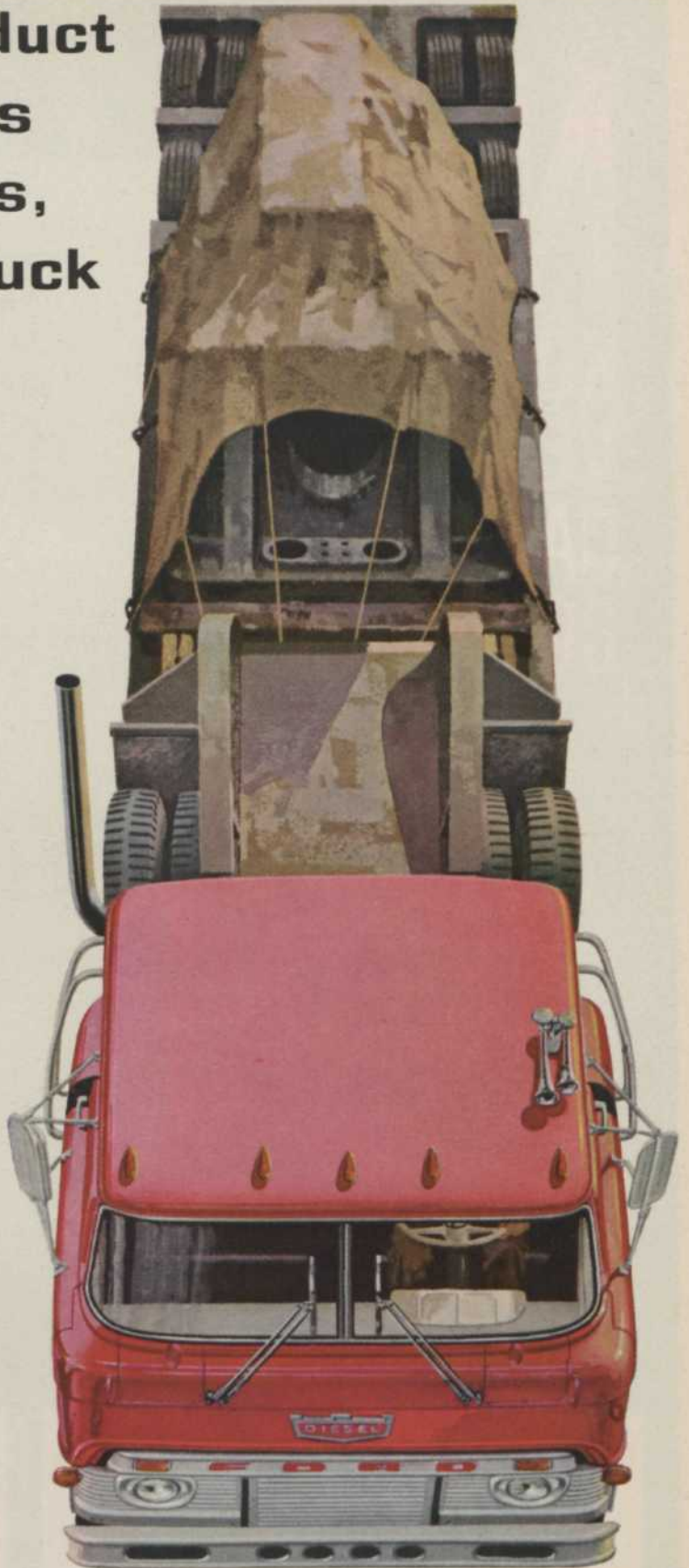
"Men who reach the top . . . are unusually intelligent, understand human behavior and are able to motivate subordinates, though not always by so-called good human relations skills . . . if not original thinkers themselves they have the ability to understand and appreciate originality."

Dean Nathan A. Baily of The American University School of Business Administration: "I consider integrity the quality most essential for a successful manager . . . it is the foundation for self-discipline so necessary for executive success . . . integrity provides the willingness and the ability to minimize vanity and ego in evaluating a situation and to have a true respect for others."

• • •


Concern over physical fitness of ex-
(continued on page 21)

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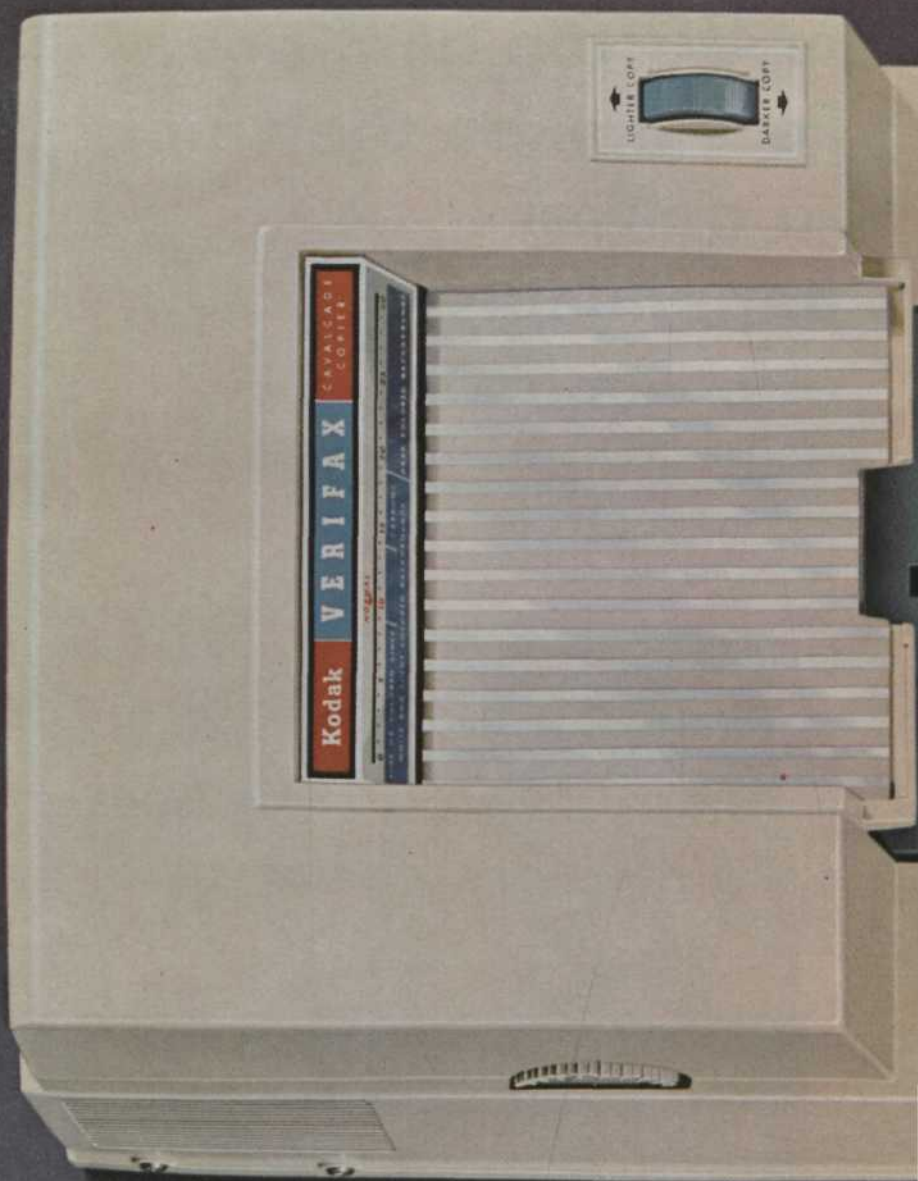
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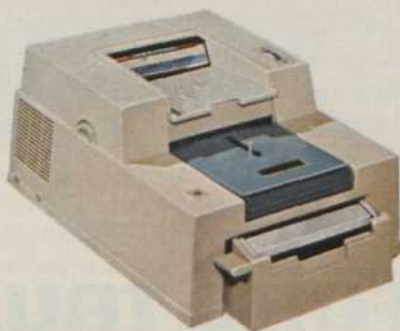
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EXECUTIVE TRENDS

continued

executives has put exercise into the spotlight of interest in companies throughout America.

Many firms are encouraging their managers, supervisors to exercise daily. Some companies have even installed small gyms. Others urge their men to combine a workout a week with lunch at their clubs.

You've probably heard a lot about the parallel growth of health salons, experimentation with various types of exercises; you'll hear more such talk in the future as national interest in fitness continues to grow.

We asked a former athlete, turned businessman, Charlie "Choo Choo" Justice what his views are on the relative fitness—or lack of fitness—among businessmen.

Mr. Justice, one-time All American at the University of North Carolina and later a pro gridder, thinks worry over the national physique is well founded. ("My own midriff is a bit too large," he concedes). He strongly indorses programs for doing something about it.

Here's the exercise formula which Charlie Justice follows, either at home or while in his office at the Choo Choo Oil Company, Asheville, N. C.:


"Set aside 15 minutes each day for exercises. The exercises should be vigorous—push ups, bending from the waist, something that gives your muscles a real workout but is not exhausting."

• • •

What triggers a man's decision to leave one company for a job with another?

Judging from unsolicited career resumes received by the Executive Manpower Corporation of New York, greater challenge is far and away the biggest factor. However, EMC president William A. Hertan believes many who give this explanation actually use it to disguise a simple desire for "more money."

Of 400 unsolicited resumes received by EMC in a recent month, 75 included mention of specific reasons for wanting to make a job change. Among reasons other than "greater challenge": policy differences (noted by 11 men); squeeze-out or career frustration resulting from mergers, consolidations (mentioned by eight); changes in top management (mentioned by six) and relocation of the business in a new geographical area (cited by four).



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Your company may be able to grow faster and go farther by using Heller's factoring or other financial services. For details, a phone call or letter will bring a personal response from a Heller officer. Or write for our booklet, "Profit Through Factoring."

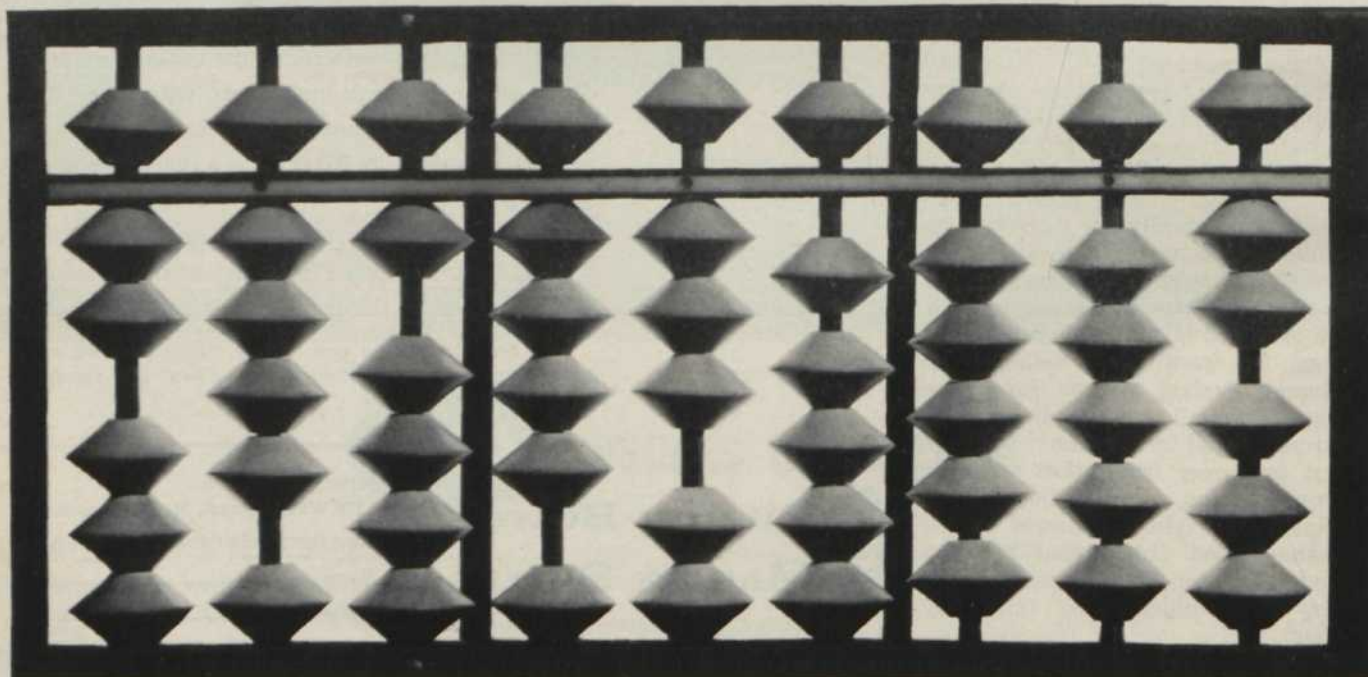
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THE FIVE BILLION DOLLAR FINANCIAL MYSTERY



President considers timing vital to success

BY MERRIMAN SMITH

THE DIALOGUE of Washington and the New Frontier has been dotted recently with two words—rhythm and timing. Not the rhythm that Ethel Merman has been proclaiming for years, nor the timing of Mickey Mantle as he whips into a pitched ball. We're talking about, President Kennedy is talking about, and New Frontiersmen refer to the rhythm of history, the swing of congressional mood and the proper timing of political, and sometimes military action.

Rhythm and timing are regarded within the Administration as vital to success of the Kennedy program in Congress this year. Timing, of which patience is a prime ingredient, is regarded as the key to our Cuban policy, as well as to the over-all, ever crunching cold war with the Sino-Soviet bloc.

Once rhythm was largely a term of the musical world. And timing chiefly concerned athletes and comedians. It has been said that while Jack Benny's comedy lines may not be superb, his timing is. In his case, timing involves using the right inflection and carefully calculated gesture at precisely the most effective moment. A split second sooner or later might spoil the entire effort.

At this time of year, on the early side of summer with the President preparing for an important trip to Europe and Congress finally digging in for a series of battles over the real payoff legislation of any session, timing becomes of essential importance. It is a time in Congress when exploratory probes and early skirmishing are about done and hard lines begin to be drawn between, and across, the political parties.

Why is timing more important now than it might have been a month or two ago? As far as Congress is concerned, the answer would not seem to be too complicated: The longer the House and Senate are in session, the less time remains before adjournment for a President to recover from a major setback.

The late President Franklin D. Roosevelt or his admirers first boosted timing to its high place in the

lexicon of the modern political world. Reputedly F.D.R. was a master at political timing. He was given credit for knowing just when to bludgeon Congress, when to attack his enemies and promote his friends. There are, however, eminent Roosevelt scholars, including Arthur Schlesinger, Jr., now of the White House staff, who believe that Mr. Roosevelt's talent and capacity for brilliantly-timed decisions have been overrated. Or perhaps improperly labeled.

Mr. Roosevelt was a waiter-out; at times, a most irritating procrastinator to those anxiously awaiting a policy decision. When confronted with a particularly difficult and tangled situation, F.D.R. apparently preferred to let conflicting forces, even within his Administration, thresh out their differences. As this interplay mounted toward a climax, he watched and listened for public opinion building up behind one approach as against another. When satisfied that every possible determinable factor was working for him, Mr. Roosevelt then made his decision.



Theodore C. Sorensen, special counsel to Mr. Kennedy and one of his closer associates, recently lectured at Columbia University on decision-making in the White House. He referred to Mr. Schlesinger's view of the great F.D.R. sense of timing, pointing out that postponement of a decision for too long can end in being a weakness, since secrecy in government is so quickly perishable that topics long delayed are likely to be revealed before a decision is reached.

Mr. Sorensen indicated a feeling that Mr. Roosevelt's ability or preference for awaiting the "right moment" might not work as successfully today in a world where deadly machines hurtle through space at speeds which even the imaginative F.D.R. would have found difficult to believe.

Mr. Sorensen, however, does concede that by not acting too soon, a President may find that a pressing problem "dissolves or resolves itself, that the facts are different from what he thought, or that the state of the nation has changed." He observed philosophically, "In the White House, the future rapidly be-

Merriman Smith is the White House reporter for United Press International.

TRENDS: WASHINGTON MOOD

comes the past; and delay is itself a decision."

In his opening Columbia lecture, Mr. Kennedy's constant adviser on many problems added:

"Most presidential decisions are too far reaching and too irrevocable to be taken in haste, when the facts are uncertain, when the choices are unclear, or when the long-range consequences are not as discernible as the immediate reactions and results."

The President, himself, supplied one example of what he regarded as a properly delayed decision. He was discussing the Cuban missile crisis of last October and said, "If we had had to act in the first 24 hours, I don't think . . . we would have chosen as prudently as we finally did."

This was the 24-hour period in which this country first discovered definite evidence of the presence of powerful Soviet ballistic missiles in Cuba. The discovery was made during the height of the 1962 congressional campaigns in which there had been much demand to "do something" about Russian personnel in Cuba.

Mr. Sorensen went on:

"As the exhaustive and exhausting deliberations of that long October week went forward, however, the limits of time did become more pressing. For all of us knew that once the missile sites under construction became operational, and capable of responding to any apparent threat of command with a nuclear volley, the President's options would be drastically changed. And all of us knew that once the Soviets learned of our information and planning, our prospects for surprise and initiative would be greatly lessened. The President, therefore, could not wait for unanimity among all his advisers or for a special congressional session. The lonely decision was his—and he made it in good time."

This is a rather dramatic example, but it points up how a chief executive may seem to be laggard, dragging his feet or avoiding taking a stand when he actually is sifting evidence, gathering information and measuring public opinion before taking basic action which will not be easily reversible. This can apply to the domestic economy, as well as to thermonuclear war and avoidance thereof.

There are times when Mr. Kennedy seems to make a mystique of timing, appearing to await an almost occult signal or natural grouping of forces before pressing ahead. The erudite background supplied by Mr. Sorensen, albeit oriented favorably to the White House incumbent, takes some of the mystery from the decision-making process.

In the late spring, the chief executive was under pressure at almost every televised news conference to denounce Congress or some of its more powerful elements for not moving faster on some of his principal legislative recommendations.

Inwardly, the President well could have been highly displeased with some of his own party leaders during the late spring, but he chose to hold his fire.

He spoke instead of "a certain rhythm" to every congressional session and to history, itself.

He and his legislative lieutenants undoubtedly were applying pressure behind the scenes, but for the public record it was too early for a bare-knuckle attack on conservative coalitions grouped athwart the New Frontier highway to happiness. In fact, it is entirely possible the session could end along about Labor Day without the development of a brimstone exchange between the White House and opposition elements in Congress. Mr. Kennedy's sense of timing may tell him that next year with its election may be a much better round for throwing heavy punches.

James Reston, writing recently in the *New York Times*, felt that Mr. Kennedy could do a lot more for his program in the House Rules Committee by bringing heavy pressure on Speaker John W. McCormack to pull some of the committee members into line for key administration bills. Reston reasoned that with insistence of Speaker McCormack, two Democrats on the committee, Reps. James J. Delaney of New York and Thomas P. O'Neill, could be pushed into support of most major administration bills and thus get around the strong conservatism of Chairman Howard Smith.

Reston said:

"It is difficult to believe that Speaker McCormack would defy the President's wishes on so big a question if the President really tried to use all his authority. McCormack is no Sam Rayburn. He does not have the commanding respect of the House that made Rayburn invulnerable even to presidential pressure. But Kennedy has not yet used his authority."

Which brings us again to a matter of timing. The 1962 midterm elections certainly gave Mr. Kennedy no new muscle with which to bring pressure of a truly persuasive sort on the Speaker, Chairman Smith or many of the other powerful Democrats in Congress. Next year might be decidedly better from the President's standpoint for intraparty muscularity on the Hill.

Other factors obviously are involved in the Kennedy-McCormack relationship. The President undoubtedly will turn on some extra power for his program in the late summer, particularly if his tax bill seems to be suffering or drifting into what he considers inadequate shape. If he is to take a stiffer position with the Speaker, this would seem to be the time for it.

Conceivably, Mr. Kennedy may not want to lean on the Speaker too heavily and thus create such sympathy for Rep. McCormack among the conservatives that his power and command would increase. If in such a process Rep. McCormack's enthusiasm for some key Kennedy items drooped even more, the White House would be in deeper trouble.

Thus it would seem the President faces a rather extended period of patience, of selling his program to the public at every opportunity, measuring the effects of the sales campaign and deciding then when to push.

As everybody from Jack Benny to Ted Sorensen will agree, timing is mighty important.



When you talk high resale . . .

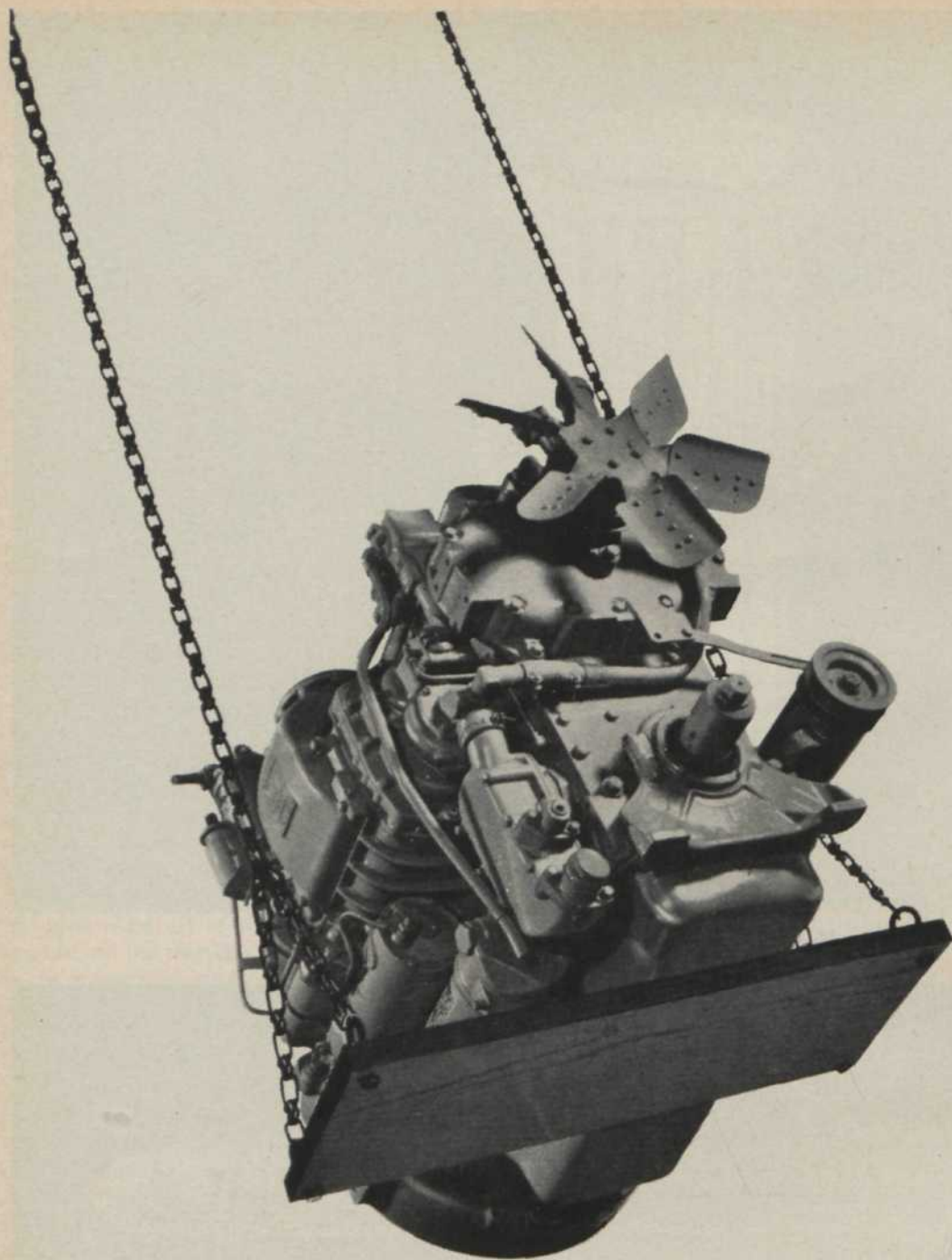


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Old age brings honor to those who serve

BY FELIX MORLEY

"IF IT WERE not for the elderly," wrote Cicero in his essay, *On Old Age*, "good government would be impossible." That, the famous Roman statesman explained, is because "intelligence, reflection and good judgment reside in old men."

The same thought was clearly in the minds of those coal magnates who tendered a testimonial party to John L. Lewis, on his retirement at 83 as chairman of the National Coal Policy Conference. His possession of the qualities listed by Cicero had been implicit in the operators' original agreement on Mr. Lewis for that strategic position. And it was certainly news when the representatives of management rose as one man to applaud this often troublesome leader of those who take the major risks of a most hazardous occupation.

No very long memory is required to recall the time when a mere mention of John L. would arouse widespread snorts of indignation. His refusal to subordinate the welfare of the miners even to war emergency brought him into sharp conflict with governmental authority. In 1948 it led to a heavy fine for refusal to obey a federal court order to end a protracted strike. Small wonder that Mr. Lewis should now dryly observe that he is "overwhelmed by these accusations of good character."

• • •
The leonine figure of the miners' hero is by no means the only one to whom advancing years have brought general commendation in place of condemnation. Herbert Hoover, who will be 89 this summer, is today certainly as much revered as any living American. Yet no President, excepting Lincoln, was ever more criticized when in the White House.

Partisan leadership, whether in labor relations or politics, naturally invites and stimulates partisan attack. But gall and wormwood can also be the potion of those who scrupulously refrain from domestic controversy. Here the case of Douglas MacArthur inevitably comes to mind.

No American commander ever strove harder than General MacArthur to avoid nonmilitary entangle-

ment. Yet during the communist-inspired Bonus Army march of 1932, and in the far more serious Korean war nearly 20 years later, this responsible officer was much denounced for doing his duty according to his lights as a professional soldier. In the eventual words of President Truman: "With deep regret I have concluded that General of the Army Douglas MacArthur is unable to give his wholehearted support to the policies of the United States Government and of the United Nations in matters pertaining to his official duties."

It was partly because of the insult in that statement that the general had the country at his feet when, only a few days afterwards, he made his unforgettable address to Congress. No goal would have been beyond MacArthur's aspiration had he not personally chosen to "just fade away." Today this old soldier is as



PHOTOS: UPI

Bitterly criticized in the past, Lewis, Hoover and MacArthur now have won the respect of the nation

overwhelmed by "accusations of good character" as is John L. Lewis, his virtual twin in age.

None will question that even in retirement the influence of those mentioned continues to be enormous. And it is interesting that the quality of leadership can, and does, receive warmer recognition after its possessor has renounced ambition. Nor is the phe-

TRENDS: STATE OF THE NATION

nomenon confined to those who have long held the limelight.

Many laymen, probably, would not recognize the name of Roscoe Pound, for decades professor of law, and also for 20 years dean, at the Harvard Law School. But lawyers in general, both here and abroad, would agree that few men since our friend Cicero have contributed more to jurisprudence.

A score of universities have honored themselves by conferring honorary degrees on Professor Pound. So it is ironic that his early education was of a type outlawed by those who administer public schooling today. Born in 1870, in the then frontier country of Nebraska, little Roscoe learned Greek at his mother's knee, studied Latin with his father and never had any instruction in what modern pedagogy likes to call "life adjustment."

Yet few have adjusted to changing times more successfully. And now, as he approaches 93, this dean of lawyers is busily updating his important studies on the legal immunities of labor unions, incidentally a subject on which he and John L. Lewis are not at all in accord.

Women, on the average, live longer than men. One would therefore expect to find at least as many who are venerable in every sense of the word, if girls did not customarily subordinate careers to marriage. Even so there would be many more illustrious old ladies except for the unreasonable prejudice of the sex against the natural process of aging.

Nevertheless, the shortest list of admirable American ancients would be incomplete without inclusion of the name of Edith Hamilton, who will be 96 this summer, just two days after Mr. Hoover reaches 89. Among the extraordinary features of Miss Hamilton's long life is the fact that she was well past 60 before her first book, "The Greek Way," broadened her fame as a classical scholar while establishing it as a superb craftsman in the English language.

If Cicero had known Edith Hamilton, even a fraction as well as she knows him, he could not have attributed the virtues of "intelligence, reflection and good judgment" to old men alone. No sex discrimination in these qualities is possible. And because they are stabilizing influences in any society we must agree that the importance of the aged to good government is as great as the old Roman asserted 2,000 years ago.

This does not mean that everyone who passes the traditional three-score and 10 thereby becomes a boon to mankind. Unless the characteristics which we find admirable were always present they will not bear late fruit. Many of those called "senior citizens" deserve primacy only in the number of candles on a birthday cake. Many are reminiscent of Methuselah, whose one accomplishment as listed in the Bible was the achievement of a dubious record of excessive longevity.

The success of medical science in prolonging the

life span, however, should almost automatically increase the number of old people who by their natural worth have something vital to contribute. And this means that the extension of life expectancy has deeper implications than are as yet explored.

Even this dip into the subject suggests that no stratum of society, and no one line of occupation, is outstanding in the development of those whose lives are not only long but also influential far beyond the average. Those mentioned here started their careers respectively as a coal miner, an engineer, a soldier, a lawyer and a teacher. Were the list extended, as it so easily could be, diversity would be even more apparent.

How is it that so many who were targets of abuse, when playing the game, acquire the respect of these same critics on retiring to the sidelines? It shows, in the first place, that even if sometimes mistaken the very resolution of a good fighter is always a characteristic worthy of respect. But it also happily shows that men can take sides, which they should do unequivocally on vital issues, without losing their underlying sense of justice. These are hopeful characteristics, worth emphasizing at a time when the sordid tendencies of mankind usurp the headlines.

There would be less promise if old age should ever come to expect deference as a natural right. The rising tide is certainly as important as that which is being drawn out to uncharted depths. In Cicero's day, when the aged were few and far between, this was not the problem which it has now become. And it is also evaded in the old French proverb which poignantly laments: "If youth but knew; if age could do."

Always, when given the necessary guidance and opportunity, youth has shown that it can produce the requisite know-how. Age, on the other hand, is often overtenacious and temperamentally unwilling to cede the power it has acquired.

An object lesson here is the case of West German Chancellor Konrad Adenauer. His service in rebuilding what was left of his country will never be forgotten. But the gratitude of his people would have been greater if this old man had not come to regard himself as indispensable, which is not true of any mortal man and least of all for octogenarians.

"Shuffle-shoon," wrote our beloved Eugene Field, "is old and gray, Amberlocks a little child, but together at their play Age and Youth are reconciled."

The reconciliation of first and second childhood, however, is relatively easy. The real problem is to achieve a better mutual adjustment in the thinking of those about to yield, and those about to assume, direction in any line of human endeavor. We give much attention now to relations between the nations, the races, the sexes and other divisions of humanity. Relations between the generations is a no less complicated issue, and certainly no less worthy of consideration as the effects of population explosion daily become more manifest.

It must not be ignored merely because no government agency, and no federal expenditure, can do anything substantial for its solution.



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JOBS for the future

Record incomes, productivity, living standards and job satisfactions await American workers in the next 10 to 15 years.

This statement compresses the expectations of many authorities on the economy of the United States.

It's an optimistic forecast—but one based on two big "ifs."

One is this: To attain the bright prospect which beckons, Americans must learn new skills at an unprecedented rate. For the jobs of the future, in large degree, will be different, more exacting jobs than those which the 75 million people now in our work force are equipped to perform.

The other "if" is this: To provide the new employment opportunities necessary for prosperity, business must have the freedom and incentive to grow. Investment-stifling taxation must be eased. Management and labor must be judged by fair, equal standards. Regulatory constraints on executive decision-making must be moderated. The market place, not a federal bureaucracy, must decide the evolving shape of our industrial society.

In the articles which follow, Nation's Business explores the changes which are transforming employment in America. The articles analyze implications of these changes on jobs, national policy, relations between management and labor, and the dynamics of a new and breathtaking technology.

HOW CHALLENGE CAN BE MET

New skill requirements point up training needs

CHANGING MANPOWER requirements over the next decade will be felt by every American worker—whether he is a top executive, a professional, or a factory hand.

The physician will find that new drugs, new techniques force him to modernize his know-how constantly. The physicist, the lawyer and others with highly specialized professions will face the same pressure. In other phases of business and industry, moreover, increasing automation of office and plant operations is changing the nature of jobs—eliminating some, creating others.

Business executives will find that they are no more exempt from the race to keep current than their employees. Authorities emphasize that the manager, as well as the managed, will be continually challenged.

Fortunately, the challenge is being met in many ways.

At a university in the Midwest, business school students race the pressures of the clock and the whirl of a computer to score new profit gains for their make-believe corporation.

In a West Coast plant a dozen technical workers sit expectantly at a row of teaching machines, waiting to learn in minutes how to operate a production device which once would have required hours of study to master.

In a New York City hotel a tired executive lies across his bed at the end of a long day of lectures and discussion to review notes scribbled during a systems information seminar.

All of these people are learning to work in a new way, using new skills and new tools.

Nobody knows for sure how much is being spent in this country each year to provide people with the know-how needed in an economy which is being pounded forward by changes in technology. But the amount is unquestionably immense. Chase Manhattan Bank experts estimate that employers alone are spending \$17 billion a year to train and retrain employees. Gordon M. Bliss, executive director of the American Society of Training Directors, agrees that the Chase Manhattan estimate is probably close, although estimates of twice this amount are common.

Rising skill requirements in industry, Mr. Bliss says, will bring "enormous increases in the already high cost of employee education and training."

To take full measure of what America is spending to prepare workers for tomorrow one would have to tally the efforts of the nation's schools and institutions of higher education, the diverse programs of federal, state and local governments, private firms, and labor unions.

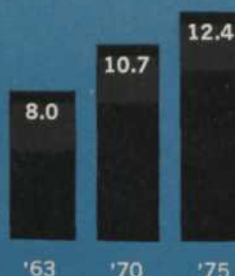
In addition, some accounting would have to be made of what individual citizens spend to upgrade their capabilities through correspondence courses, night classes at universities and technical institutes, adult education programs, and other educational media. The spending trend in all these fields is pointed steeply upward but, in the opinion of many economists, not steeply enough.

What worries some *(continued on page 46)*

WHERE PEOPLE WILL BE EMPLOYED

Professional, technical workers

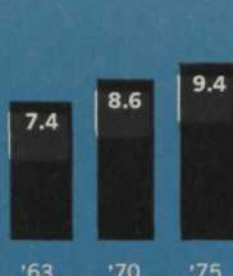
IN MILLIONS



UP 55%

Managers, officials, proprietors

IN MILLIONS



UP 27%

Clerical and related workers

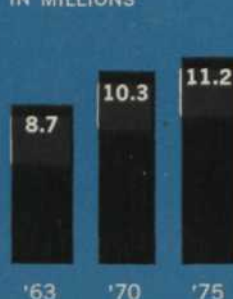
IN MILLIONS



UP 40.6%

Craftsmen, foremen, kindred workers

IN MILLIONS



UP 28.7%

Operatives and related workers

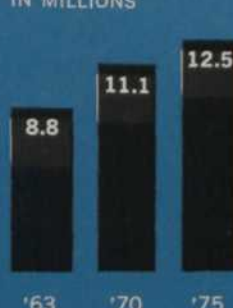
IN MILLIONS



UP 18.3%

Service workers

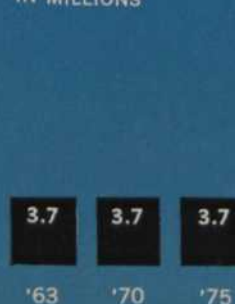
IN MILLIONS



UP 42%

Laborers, except farm and mine

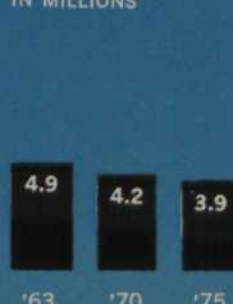
IN MILLIONS



**no
change**

Farmers, farm managers, laborers

IN MILLIONS



**down
20.4%**

A black and white photograph of a grand, multi-story classical building with numerous windows and columns. In the foreground, a large parking lot is filled with many vintage cars from the mid-20th century. A large tree is visible on the right side of the building. A red banner with white text is overlaid on the upper right portion of the image.

***JOBS
for the
future***

What government can and can't do

Investment incentives succeed where welfare programs fail

A FUNDAMENTAL QUESTION in the job picture for the future is what role the government should play.

At issue is whether Washington should be an all-powerful overseer of the economy or an impartial referee, assuring individual opportunities and serving rather than controlling.

Some politicians, growing more wary of the shadow of unemployment, are already pushing grandiose legislative ideas that seem appealing at first glance, but reveal serious flaws on careful examination. Others offer more constructive proposals. Congress will be asked to vote in the weeks ahead on many measures affecting jobs. The impact of these votes will be reflected in the economy—favorably or unfavorably—for years to come.

Those who favor massive federal action as the cure for today's and tomorrow's job problems propose bills which would:

Put some of the unemployed youngsters into camps to do pick and shovel conservation work.

Broaden minimum wage laws, even though this could force employers to fire their least productive employees to keep costs in line.

Do away with federal taxes for millions of people, supposedly to create more purchasing power.

Lengthen unemployment payments without any incentive for the jobless to return to work.

Pour federal money into school construction, even though plenty of classrooms are already being built.

Other lawmakers believe the government should limit its role to:

Permitting tax deductions or credits for training costs to upgrade workers.

Allowing faster tax write-offs of costs of plant and equipment that could provide new jobs.

Revamping federal vocational education, since only

one in 10 U. S. schools has courses with industrial training.

Avoiding recurring budget deficits by cutting future spending and thereby promoting more business confidence and expansion.

Paying subsistence and transportation allowances for people drawing unemployment compensation so they could find work in other areas where jobs are available.

From our earliest days, government has encouraged Americans to learn and has helped bring manpower resources to the tasks to be done.

The Continental Congress in 1787 channeled money from land sales into a free school system. Post-World War II expansion was undoubtedly helped by the skills and knowledge of veterans trained under the G.I. Education Bill.

Homestead legislation helped settle the Old West. Immigration policies helped man our factories. Even the welfare and relief laws of the depression and the past generation furnished some stability and purchasing power during the latter stages of our transition from an agricultural to an industrial society.

The Employment Act of 1946 specifically made it the "policy and responsibility of the federal government to . . . promote maximum employment, production and purchasing power."

The Manpower Development and Training Act passed last year called for a major effort to improve the quality and adaptability of the labor force.

But, as one authority on technological change and unemployment, Economics Professor Almarin Phillips of the University of Virginia, points out, legislative response to this economic problem is noted for its tardiness and for its tendency to aggravate the situation.

"Viewed in the broad sweep of history, legislative response is as irregular as the technological changes themselves and seems to follow the time when the problems emerge. . . . The (continued on page 86)

PHOTO BY GEORGE LOHR

U. S. Labor Department—center of government's efforts to make jobs

EMPLOYERS TAKE INITIATIVE AS UNIONS CHANGE

Both sides revise traditional roles to meet new problems in job shifts. What this can mean

Dean George P. Shultz feels strikes will diminish in era of new unionism

BUSINESS EXECUTIVES can expect to cope in the future with new union organizations, new types of union leaders, new union demands, and new union interest in technical, professional and other white-collar personnel.

You may have to reshape your strategy and techniques in dealing with or trying to avoid unions to meet the changing picture and to react most effectively to the new unionism.

Management and labor seem to have reversed their traditional roles, says Dean George P. Shultz of the University of Chicago's Graduate School of Business.

"Today it is management that is beginning to exert the drive to innovate and change things while unions are fighting to preserve the status quo—keep things as they are—and this will increase in the future," says Dr. Shultz. He recalls that in the past it usually was the unions which proposed radical new ideas, while management had to fight for stability.

This is forcing both management and unions to change their thinking, planning and tactics, he believes.

Joseph A. Beirne, president of the Communications Workers and a member of the AFL-CIO Executive Council, sees a shift coming in labor's power center from the big unions and union leaders to a central organization, such as the AFL-CIO, just as power shifted under the New Deal from smaller unions of highly skilled craftsmen to the giant industrial unions of production workers.

"The change in power structure will give the central body more authority commensurate with its responsibility," Mr. Beirne told NATION'S BUSINESS. "Today the AFL-CIO gets blamed for what's wrong with the 'labor situation,' yet has no authority over the affiliated unions to do much about it. Tomorrow it will have the authority.

"The shift of power to the central authority will be difficult to achieve and strongly resisted. But when it comes, it will provide more opportunities, prestige

ARCHIE LIEBERMAN



and a sense of participation to the smaller unions and new ones which will emerge."

Seymour L. Wolfbein, deputy assistant secretary of labor, believes that the shift in character of the labor force from goods-producing to service-producing jobs—and from blue-collar to white-collar jobs within the goods-producing industries—has hurt labor unions.

"Add to these the changing nature of the jobs themselves, and you have a one-two-three punch against unions," says Mr. Wolfbein. "These feed one upon the other, adding up to an exercise in adapting to a changing environment.

"This has shaken loose old patterns. Unions must seek new vantage points from which to lead from strength, and must deal with new issues. We may be seeing a change in initiative moving to employers."

How will collective bargaining change?

Dr. Shultz and others believe there will be less tendency to strike, not only because of the new type of union member—better educated, different attitude—but also because strikes won't solve the new problems. It's one thing to strike for higher pay or a union shop; another to strike to preserve jobs which are vanishing or changing because of technological progress, foreign trade policies, or other more remote forces.

Professionalized unions are emerging, according to Dr. Shultz, which will lack much of the imagination, drive and excitement of some of the old unions.

"Maybe this reflects the fact that today management is exerting the drive, trying to change its organization to meet future needs," he says, "while unions find themselves in the position of resisting change."

Managements which propose innovations will have to reconsider the strategy and tactics they have used when on the defensive. Getting acceptance of new ideas and other changes which disrupt long established practices and sometimes affect jobs and income may be more difficult, more costly, and call for new techniques. Problems of the railroad and maritime industries in reducing crew sizes are examples.

Out of the developing situation will emerge, in Dr. Shultz's opinion, a new type of union leader. He will be younger, more sophisticated, more professionalized, and more bureaucratic than the traditional type.

Mr. Beirne says both sides should strive harder to understand each other and search for mutual un-

Joseph Beirne of AFL-CIO says power is going to shift away from big unions



Unionist Vaux Owen opposes private bargaining practices in government

derstanding without the limitations of formality. He has detailed his views in a new book, "New Horizons for American Labor."

Management, he adds, must be less formal in its dealings with unions. He believes even the joint human relations committees being set up in some companies are too formal—similar to the diplomatic relations which governments practice.

Manpower problems, particularly those relating to job protection and utilization of the work force, are looming more important in management.

"The work force of some companies is becoming compressed in the middle age group, with the older and younger workers

(continued on page 44)

NATE FINE



Automation will make more jobs

U. S. economic strength depends on raising our rate of innovation

YOUR ABILITY to sell in the future could be at stake in the growing debate over what technological growth will bring.

American businessmen find themselves competing more and more with foreign industry—not only in overseas markets but also in the growing flood of imports into this country. Imports this year are expected to be at least 15 per cent above the 1961 level, a much sharper rise than exports.

The goods which are traded are increasingly the products of innovation and technological advance, and other countries are challenging U. S. superiority in this vital area.

Although the United States still leads the rest of the world in technology on the whole, Department of Commerce figures indicate more money is being spent and more scientists and engineers are working on research and development for civilian uses in Western Europe and Britain than in this country.

But working against our urgent need to boost innovation is the claim that accelerating technological change will have disastrous consequences, including a serious worsening of unemployment.

The thread of concern over what technological change will bring runs through much of the legislation before Congress—the question of tax cuts and reform, retraining of workers with obsolete skills, more aid for depressed areas, and others.

The claims of those who would slow our rate of change are largely groundless, however, in the opinion of authorities in business, science and education, and government. They stress that innovation is needed for economic growth and, in fact, will increase employment opportunities.

“The real danger is that by slowing our advance in



PHOTO: VIC GREENE

“Most of our high standard of living and social benefits—including a shorter workweek and higher wages—are due to advancing technology”

Francis K. McCune
Vice president for
engineering services
General Electric Company



PHOTO: FRED WARD

“It has generally been the industries with the fastest rates of technological advance that have increased employment more than average”

John W. Kendrick
Professor of economics
The George Washington University



PHOTO: WERNER WOLFF

"Nothing is more intrinsic in man than progress and change. Those who question whether we should stop it might as well debate whether we should have sunlight during the day"

William O. Baker
Vice president for research
Bell Telephone Laboratories



PHOTO: FRED WARD—BLACK STAR

"Education and training must become a more important and more continuous part of our life in order to have people who can readily convert to new jobs and conditions"

Richard H. Bolt
Associate director for research
National Science Foundation

technology we may end by undergoing a very painful adjustment to the loss of our place in the world's economy—a far more painful adjustment than the one required in keeping up with new technology," warns Francis K. McCune, vice president for engineering services of the General Electric Company.

"Suspending technological progress for the sake of a social status quo—or labor peace—can be done and has been done," Mr. McCune points out. "In an economy as strong and technically versatile as the United States has enjoyed, the adverse effects of indefinite suspension may be slow to appear. They confront us eventually, however, as in the case of the railroads, shipping, and the newspapers.

"People who view such progress with alarm are blind to the fact that most of our high standard of living and social benefits—including a shorter work-week and higher wages—are due to advancing technology. By stopping technological progress we would stop social progress. Rather than trying to slow progress, we should turn our attention to making the social adjustments required."

NATION'S BUSINESS interviewed top authorities to find out:

- ▶ What factors cause technological change.
- ▶ What effect such change will have on employment.
- ▶ What influence it will have on management.
- ▶ What challenges it presents.

How technological change occurs

"Versatility and flexibility are the keys to technological growth," says Dr. William O. Baker, vice president for research at the Bell Telephone Laboratories. "You can plan a development, but you can't plan a discovery.

"The Telstar satellite was based entirely on what we already knew, as was the Mercury project to put a man in orbit, and both were successful," Dr. Baker emphasizes. "They were not based on knowledge that we planned to find or hoped to find, as are some similar military programs. You can't plan to discover certain knowledge—no matter how much money you spend—but some of the federal people haven't learned that yet."

Technological progress is dominated by the behavior of people, a factor which cannot be wished into or out of existence or accurately planned. People have the desire to get new knowledge, and people have the urge and the ideas to apply it. It is people who must be willing to buy the result.

As basic scientific research increases our knowledge of how nature works, it increases our ability to satisfy our wants. But basic research does not produce technological progress without the catalyzing force of customer desires and people with the ability and incentive to match one to the other.

If the resulting *(continued on page 88)*

Coming: new jobs,

Numerous forces in business are giving impetus to changing executive roles. Here's an analysis

NOT LONG AGO a California manufacturer advertised in the newspapers for an "artificial intelligence specialist." Within the same week, an Ohio firm placed an ad for a business planning specialist and a Pennsylvania firm for a systems engineer.

The ads reflect one of the great changes taking place in business today. New job functions and job titles are cropping up by the dozens. And there are many more to come.

This development raises problems and promises benefits.

For one thing, you're going to have to learn a new nomenclature of business positions. This won't be easy, because some of the titles are almost unintelligible.

For example, the advertisement said the artificial intelligence specialist was "to lead a small group conducting original mathematical research and investigations in self-organizing machines" for an aerospace firm.

"You will be responsible for the development of new or unique concepts in artificial intelligence systems or equipment and the analysis of what is currently being done in these fields. Minimum requirements are an advanced degree with the Ph.D. preferred, with current experience in information theory, statistical communications theory and modern algebra, especially as it relates to set and group theory."

As you set up more new positions in your own company, you will en-

counter difficulty finding the trained specialists you need, figuring out what to pay them and keeping them working as a team. You may also discover that you are creating titles just for the sake of keeping people happy. [See "These Trends Will Change Your Job," April.]

On the other hand, the new titles will help you pinpoint the people in other companies with whom you want to deal, and they will clarify your own organization structure. If the functions that go with the new titles are clearly defined, there should be less overlapping of effort and avoidance of responsibilities than occurred in the past. The men holding the new jobs will bring you the specialized assistance you will need to reach sound decisions.

What's behind the trend

Impetus for the proliferation of new jobs and titles has come from several directions:

► The birth of new industries, such as the space industry, and sophisticated new machines—most notably computers.

► The sheer growth of business, which has forced companies to subdivide their operations into smaller parts.

► The increasing complexity of business, which has precipitated the need for many different specialists to advise the boss.

As Dr. William F. Holmes, executive development director for Lever

Brothers, says, "The line man who knew everything and made all the decisions by himself is a thing of the past. He is becoming less and less self-sufficient. He still makes the decisions, but he must marshal advisory assistance to do so."

► The deepening bite of income taxes, which has raised the value of titles. Says William H. Clark, New York executive recruiter: "Pay ranks fourth to seventh on the list of reasons men give for seeking new jobs. Where prestige ranks is hard to say because the desire for it is rarely expressed out loud. But it's a fact that the more prestige a title has the better the chances that an individual will shift jobs."

► The perennial problem of what to do with employees who have passed beyond the productive phase of their careers. For instance, a director of procurement is appointed to supersede the director of purchasing who is being put on the shelf. In one organization a new man was named controller for the sole purpose of goading the comptroller into resigning. He did.

While many of the new titles are mere window dressing, the majority define entirely new or newly changed job functions. Some of the specialists are tailored to the needs of specific businesses. For example, a New York company seeking more government business recently advertised for a technical proposal manager.

new titles

Some specialties are peculiar to only a handful of industries but are likely to be adopted by others. Some are being used by a broad band of industries.

James Newman, vice president in charge of the New York office of Booz, Allen & Hamilton, management consultants, says: "All businessmen should be aware of and seek to understand these new jobs. But the man who gets intrigued and sets up in his organization the same jobs without any real appreciation of whether they are good, bad or indifferent for him is out of his mind."

A closer look

Just what are the new jobs which have gained reasonably wide acceptance in business in the past ten years—or give promise of doing so? The following are listed by the American Management Association and various consulting and recruiting firms:

The product manager. Born in the packaged goods industries where he was, and often still is, known as the brand manager, the product manager is responsible for the marketing of a particular product or product group. In the past he might have been called assistant sales manager; his responsibilities were often divided among several brand men. But today, in a staff post in a variety of industries, he assumes full responsibility for planning objectives, strategies and tactics.

Related to the product manager, and sometimes called by that name, is the market manager, who directs the sale of a product to a specific market.

The project manager, familiar in advanced technology industries, carries through the creation and development of a new product. Unlike the product manager, he runs a team usually made up largely of technologists. His assignment is ended when the product is developed. This last fact is, in some minds, a weakness because the project man often tries to perpetuate his operation.

The operations research manager. Here is one of business's more glamorous new jobs. Its mission: Find, through mathematical analysis, the answers to such complex questions as whether the return will justify the cost of keeping a department store open at night, or what is the cheapest distribution pattern for a long line of products, or what office facilities will be needed in the future by a large corporation. Most of today's operations research men are engineers or mathematicians who report directly to top management. They rely heavily on computers.

One company calls its operations research chief "director of industrial dynamics."

The systems engineer is two different people, depending on the company

he works for. He may be, as at IBM, a data-processing expert who gets electronic data-processing systems installed and directs or advises people in their use. Such men may have no real engineering training. On the other hand, the systems engineer may be a graduate engineer or scientist who is concerned with the actual development of complex systems, such as a telephone network.

The programmer also works with data-processing equipment. A technician rather than a manager, he is one of the best examples of a man who owes his job to the technological developments of the past decade. His responsibility is to set up a problem for a computer and interpret the results.

The manager of information services is senior to the systems engineer who is concerned with EDP, the data-processing man and the budget manager. He heads up all these operations.

The manpower development director, as he operates in many companies, concentrates as much—if not more—on manpower planning as on manpower development. "Granted the importance of planning, especially at a time when organization structures are so fluid," says a consultant, "there's a deficiency here that should be corrected."

The director of communications, as a rule, is in charge of communications from management to the employees. In a few companies he directs public relations activities.

The director of commercial development might more accurately be called director of diversification or director of acquisitions and new

(continued on page 98)

A LOOK AHEAD by the staff of the

Backdoor spending curbed

(Government spending)

New way to expand sales

(Marketing)

Featherbedding at showdown

(Transportation)

AGRICULTURE

The nation's feed grain producers will receive nearly \$900 million for not growing feed grains this year.

Farmers have agreed to divert 25.7 million acres on 1,250,000 farms from the production of feed grains. They signed up to divert 17.7 million acres from corn, 4.9 million from grain sorghums, and 3.1 million from barley.

Under the 1962 program producers originally signed up to divert 32.7 million acres, but actually set aside only about 29 million. This year they will be required to fulfill their signed commitments or forfeit all diversion payments and price supports for feed grains.

The U. S. Department of Agriculture estimates that payments in 1963 will be about \$472 million. At least another \$400 million will be required for compensatory payments (18 cents per bushel produced) to all participants in the program.

CONSTRUCTION

Congress is about to vote on the fiscal 1964 appropriations for the Housing and Home Finance Agency. Its decisions on cutting, holding the line, or increasing federal housing and community development spending will help determine whether we get higher budgets and tax burdens or economical government and soundly based tax reduction.

The National Chamber, after item-by-item analyses of the ac-

counts, recommends the following deductions by categories, totaling \$276,550,000:

Office of the administrator: salaries and expenses, \$2,000,000; urban planning grants, \$23,500,000; urban studies and housing research, \$2,500,000; urban transportation assistance, \$100,000,000

Low-income housing demonstration grants, \$5,000,000

Administrative costs: low-income housing demonstration grants, \$25,000; open-space land grants, \$75,000.

Public works planning advances, \$18,000,000; housing for the elderly fund, \$125,000,000; Public Housing Administration administrative expenses, \$450,000.

CREDIT & FINANCE

The report of the President's committee on financial institutions has created great interest in financial circles. Chances are good that it will have considerable impact on legislation and policies affecting financial institutions.

Some of the more important recommendations:

1. All commercial banks ought to be subject to reserve requirements specified by the Federal Reserve—membership in the Fed should remain voluntary.
2. Prohibition of interest on demand deposits should continue.
3. Voluntary federal charters should be available for mutual savings banks.
4. Uninsured commercial banks, mutual savings

Federal payments to feed grain producers rise

MILLIONS

\$1000



banks, building and loan and savings and loan associations should be prohibited from accepting deposits or shares across state lines.

Lengthy hearings are expected on the recommendations.

FOREIGN TRADE

In preliminary planning for trade negotiations under the General Agreement on Tariffs and Trade in 1964, U. S. representatives have made it clear that they regard it as vital that agricultural as well as industrial products be covered by the next round of negotiations. Before engaging in far-ranging tariff reductions on industrial products, the U. S. wants assurance that the Common Market is not adopting a restrictive policy on agriculture.

By law, the United States, for its part, will have to withhold any item on which there is an escape-clause or national security action in force.

Currently, the Tariff Commission is holding hearings to study the effect of tariff reductions upon our own producers. A Trade Information Committee, within the Office of the Special Representative for Trade Negotiations, is simultaneously conducting hearings to determine which foreign tariffs and trade restrictions are most burdensome to U. S. exporters.

GOVERNMENT SPENDING

If the present trend continues, this session of Congress may be the

Chamber of Commerce of the United States

first in many years that has not enacted any backdoor spending programs. In the first session of the Eighty-seventh Congress, the Administration requested nearly \$29 billion in backdoor spending authority under 11 separate pieces of legislation.

Congress enacted nearly \$20 billion of this amount.

However, increased criticism of financing federal programs outside the appropriations process resulted in a sharp change in the second session.

The formation of the voluntary bipartisan Committee Against Backdoor Spending, headed by Rep. Thomas M. Pelly of Washington, proved to be highly effective. Only two bills with backdoor spending provisions were adopted. They authorized less than \$500 million in backdoor funds.

In the present session, the two principal backdoor spending proposals have been revamped to provide for regular appropriations financing.

These involved funds for the Export-Import Bank and the Area Re-development Administration.

LABOR

More than 1,000 management, union and government delegates from over 100 countries will debate international labor issues at this year's International Labor Conference in Geneva.

A seven-man American business contingent headed by Chicago oil executive Richard Wagner will participate.

This will mark Mr. Wagner's third successive year as a U. S. employer delegate.

The ILO, a world parliament for labor and related social issues, is the oldest specialized agency affiliated with the UN. Technical negotiations will revolve around proposals to enact new world-wide standards for the benefit of workers in varying stages of the employment process.

American employers can be expected once again to defend vigorously the free enterprise system and to counter propaganda from communist nations.

MARKETING

To survive, producers of consumer goods must constantly adjust to changing situations in the marketplace.

In recent years, according to one marketing source, sales expansion techniques have centered in three areas:

1. Introduction of new products with new markets.
2. Expansion into other existing markets.
3. Increasing a company's share of present markets.

Now there is a trend toward another expansion tactic—"trading up the size and profitability of the market." This means product improvement—with a price rise justified by adding value and quality to the product, and the search for new ways to use the product.

NATURAL RESOURCES

Businessmen dependent on natural resources will want to take a look at a new projection of America's resources and the demands on them through the year 2000 by Resources for the Future, a Ford Foundation-supported research organization.

Can the United States count on enough natural resources to maintain even higher levels of living over the rest of the twentieth century? The authors are optimistic that it can.

Neither established trends nor their estimates of future possibilities suggest any general exhaustion of resources in this period or for a long time thereafter.

There is, however, likelihood of shortages from time to time in particular regions or segments of the economy, for particular raw materials.

The report, "Resources in America's Future," is published by Johns Hopkins Press, \$15.

TAXATION

The brighter business outlook has produced two schools of thought concerning a tax cut.

President Kennedy has said repeatedly that a tax reduction is

necessary to boost the economy. Some economists have said a tax cut must be enacted to avert a recession.

Now, with corporations earmarking increased amounts for investment in productive assets and with the stock market holding firm, many question the necessity for reduction.

But others say signs of increased prosperity strengthen the case for a tax cut.

They argue that increased corporate profits and individual income will raise government revenue. This would mean that the nation could better afford the revenue loss resulting from a tax cut.

Congressmen have found strong sentiment among their constituents for a tax cut coupled with reduced government expenditures. But they detect no ground swell for a cut paid for solely by increasing the deficit.

TRANSPORTATION

Today it is estimated that railroad featherbedding practices are draining the nation's economy of \$600 million annually. The problem, however, is nearing a showdown.

All the various avenues of possible settlement have been explored and the President's three-man emergency board is attempting to end the work rules dispute. This is the last step in a four-year process. During this time the dispute has gone through face-to-face talks, mediation, and a Presidential Railroad Commission study. It also went the full distance in the federal courts—all the way to the Supreme Court.

Key to settlement, most observers contend, involves firemen. Carrier demands call for elimination of about 40,000 freight and yard service firemen.

A majority of railroad workers recently surveyed say they are resigned to changes in the work rules. As one railroad engineer put it, "Everybody's against us—the public, the government, everybody."

With the dispute reaching its conclusion, the nation's railroads can be expected soon to obtain some long overdue relief from this heavy drain on their finances.

INITIATIVE

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departing as the force shrinks," Dr. Shultz notes, "Management has to plan what kind of a work force it is going to need, how it is going to get it, and what new policies may be desirable. Big shifts are taking place in supply and demand that are not related to unions."

He believes a close re-examination of benefit programs is overdue.

"The benefit programs which have emerged since the war are designed for an aging work force which tends to look toward retirement, and it is a question whether this package is attractive to younger workers."

"Worker pressures for fringe benefits will change. Most younger workers are more interested in money and current benefits than in retirement and future benefits."

Prof. Albert Rees, chairman of the University of Chicago's Economics Department, says a big question facing unions today is whether they can attract more white-collar workers than they now have.

"If they don't," says Dr. Rees, "they will become less effective as an economic and political force because the blue-collar group from which they draw most of their members is diminishing in relation to the white-collar group."

Dr. Rees, who analyzes many aspects of labor unions in his recent book, "The Economics of Trade Unions," thinks the unions will not make much headway among white-collar workers in the immediate future.

Mr. Beirne seems to agree: "Labor does not have the program, the ideas, that would attract the new kind of worker who is growing by leaps and bounds in the labor force."

He refers to "the technicians and semiprofessionals—the white-collar boys who push buttons, think they're engineers, and have a different outlook and attitude."

"Our unions must provide a meaningful place for them," Mr. Beirne says, "or they will organize their own unions, maybe call them societies, associations, or some such name."

The biggest boost to unionization of white-collar workers is expected to come from the unionization of government employees, which has been encouraged by President Kennedy through an executive order directing federal agency heads to bargain with unions representing federal employees.

Since, for most federal employees, compensation and hours of work are controlled by Congress and hiring and dismissal are under civil service, the government worker unions are pretty much restricted in what

they can discuss and try to do something about.

Nevertheless, unions representing federal workers are benefiting directly by increases in membership, and others expect to benefit indirectly through the psychological effect the unionization of government employees will have on white-collar groups in private industry.

Unionization of federal employees is expected to stimulate increased unionization of employees of state and local governments. Increased unionization of teachers, for instance, may have a greater bearing on unionization of your white-collar group than you may suspect. A student whose favorite teacher is a union member will likely be more partial to joining a union when he gets in private industry.

Vaux Owen, president of the independent National Federation of Federal Employees, criticizes the President's collective bargaining order because he says it would impose the bargaining practices of private industry on federal employees.

"You might well ask what this means to the merit system," he has told the union's 40,000 members.

"Will there be compulsory payment of dues whether or not one belongs to the union?"

"Will there be strikes?"

"Will a picket line keep you from your job?"

Mr. Owen says his union opposes strikes in the federal service and any tactics, such as picketing, which are associated with strikes in private industry.

One practice unions expect to transfer from private industry to the government is the dues check-off or withholding of union dues from the worker's pay. They have obtained a ruling from Comptroller General Joseph Campbell that the check-off may be authorized by executive order without approval of Congress.

With increased members and a dues check-off, the government unions will become richer, stronger and more effective in lobbying Congress for higher pay and other employee benefits for government workers.

Government-worker unions may also try to whipsaw private employers by transferring practices in private industry to government jobs, then getting something more from government and trying to force it on private employers—capitalizing as much as they can on the propaganda value of federal approval of their demand. **END**

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Nation's Business



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CHALLENGE

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manpower experts is the prospect of logarithmic jumps in our already highly accelerated industrial technology. Such spurts, they point out, will produce new jobs and outmode existing ones at a dizzying pace. Like greyhounds chasing a mechanical rabbit, they say, the process of training will be under constant strain—at all levels of employment—to keep skills abreast of job requirements.

"Virtually everyone who holds a job in the future," says Mr. Bliss, "will find it necessary to make his education and training a continuing process."

Many companies are aware of the challenges they face in the field of job skills. Some employers are heavily committed to keeping employee skills up-to-date. General Motors Corporation, for example, is retraining more than 7,000 employees a year.

The Xerox Corporation is training personnel for jobs that do not yet exist at the same time it is developing new processes that will eliminate old jobs.

Swift-moving though it may be, the pace of change in America's manpower needs does not frighten many who are close to developments in this field. They predict that more and better paying jobs will result from technology's impact on the economy.

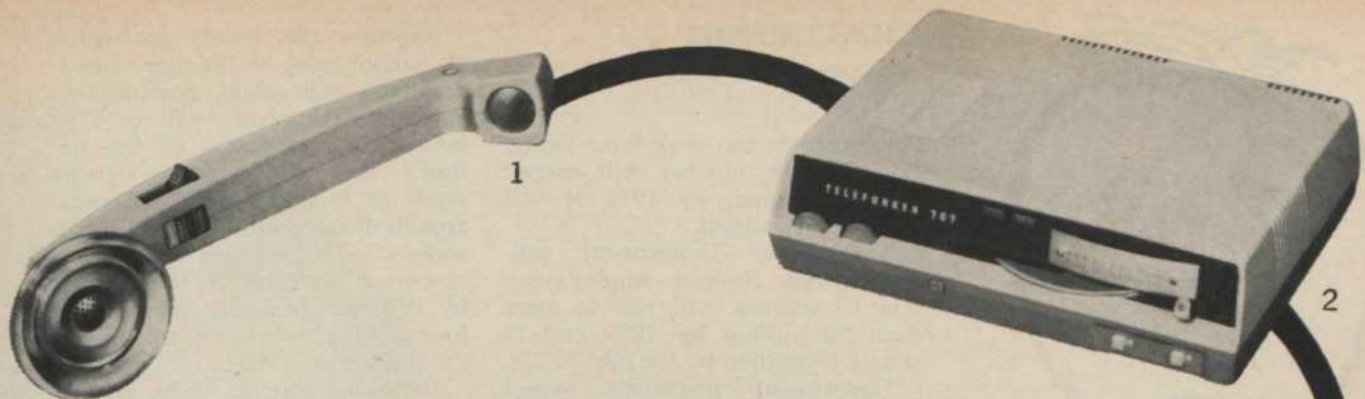
Taking a long-range view of employment, U. S. Labor Department officials foresee significant changes in the numbers of jobs, the nature of those jobs, and the skills that will be required. One spokesman—Commissioner Ewan Clague of the Bureau of Labor Statistics—says, "The picture of our future manpower requirements is one of scarcity and surplus existing side by side."

Mr. Clague predicts that the pace of change during the remainder of this decade and especially in the 1970's will generate demand for more well educated, highly skilled workers than will be available. At the same time he projects rapidly dwindling job opportunities for the unskilled and underskilled.

How many jobs ahead

A similar forecast is made by Deputy Assistant Secretary of Labor Seymour L. Wolfbein, a long-time specialist on manpower requirements and utilization.

There are roughly 75 million



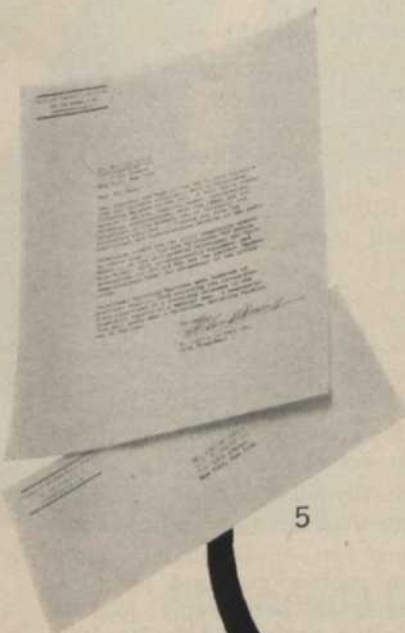
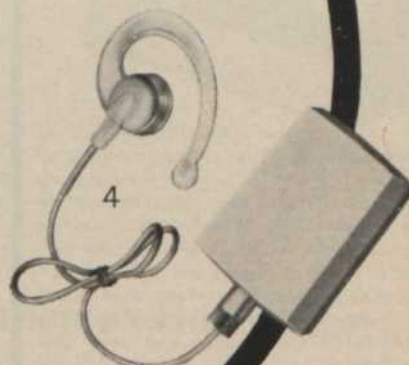
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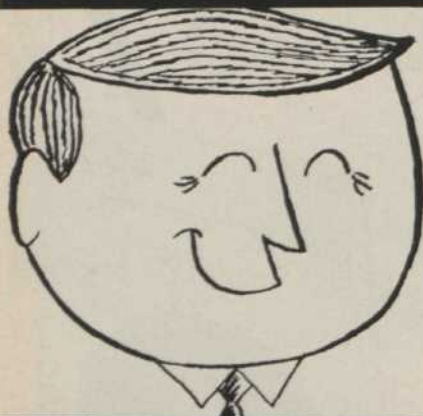
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CHALLENGE

continued

Americans in the work force today. By 1970 the number will exceed 85 million and, by 1975, it will soar to 93 million.

The Labor Department estimates that civilian employment, now 67 million, will rise to more than 80 million by 1970 and to nearly 88 million by the mid-1970's.

Department specialists expect many industries to gain or lose ground in employment and production—relative to the total economy—because of changes in demand, including not only the purchasing patterns of consumers but also decisions about investments and decisions by government about expenditures for highways, public buildings, defense production, education, and a great variety of other products and services.

"Advances in technology, the introduction of new products, the emergence of new industries and changes in the availability of natural resources are among the other factors that will influence the industrial composition of employment."

Where will employment surge? Where will it remain relatively static? Where will it decline?

The only broad industry sector in which a significant drop in jobs is expected between now and 1975 is agriculture. There, largely as a result of continued shrinkage in the number of small farms and further mechanization in farming methods, jobs are expected to decline from 5.7 million in 1960 to four million by 1975.

Rapid increases are anticipated in nonfarm jobs. Labor Department spokesmen predict most of the increase will come in wage and salary employment—a rise from about 51.5 million in 1960 to some 71.5 million in 1975. The number of other workers—the self-employed, domestics, etc.—is also expected to increase, but at a slower rate—to 12 million through 1975.

Specific industries and job categories in which marked job increases are expected include wholesale and retail trade, real estate, transportation, government, finance, insurance and public utilities.

A hefty share of increased employment in trade is expected to come in part-time jobs held by women, younger workers and others who will be in demand in suburban shopping centers and other outlets for goods.

Abetting the steady expansion of employment in finance, insurance and real estate, according to government analysts, will be "the increasing complexity of the nation's financial activities, rising levels of income, and the general growth of our industrial and urban society." The number of persons employed in jobs in these fields by 1975 will probably approximate four million, compared with about 2.7 million in 1960.

In manufacturing, jobs are expected to rise more slowly than in nonfarm industries as a whole. However, variations within manufacturing are likely. Labor Department experts look for durable goods employment to grow at nearly twice the rate for nondurable goods between now and 1975. Moreover, sharp rises in job opportunities are expected in aerospace, electronics and instruments.

Among nondurable goods industries, the fastest growing, judging from prognoses of government analysts, will be chemicals, printing and paper.

Employment in the construction field is expected to rise much faster than the average for all nonfarm industries. The population explosion—210 million Americans by 1970—and new family formations are factors which will contribute. Mining jobs are expected to hover at the 1960 level of 700,000 over the next decade.

Outlook for specific skills

The principal occupational trends anticipated by Labor Department authorities are:

1. A continuation through 1975 of the relatively rapid growth of white-collar jobs, especially professional and technical occupations;
2. Slower growth in the blue-collar group, with skilled craftsmen enjoying the most rapid gains and no increase at all in opportunities for laborers;
3. A faster than average growth in service worker employment and,
4. A further decline in the number of farm managers and farm hands.

There are approximately eight million professional and technical personnel in well-paying jobs in the United States today. By 1975 the number will rise to 12.4 million. The number of managers, officials and proprietors is expected to rise from 7.4 million at present to some 9.4 million in 1975.

Nevertheless, the next decade
(continued on page 55)



She needs the businessman in you as much as the father

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"The trim and hardware on the '63 Fords is outstanding, everything fits beautifully, the best-built Fords I've ever seen. They'll be instant sellers as used cars which means better resale value." **ART TARALDSEN**, Clem Atwater Cars, Canoga Park, Calif.



"There are a whole lot of little things in the new Ford—from crank vent windows to better suspension—that make it a better car . . . either new or used. It will bring more on the used car market." **STANFORD M. CHIZZICK**, Stan's Auto Sales, Denver 8, Colo.



"Ford's new ride is tremendous—but it's only part of the story. The used car buyer who picks a '63 Ford is going to get a lot more car . . . and it will be worth more." **DON SEARS**, Sears Motor Sales, Minneapolis, Minn.



"Ford's put a lot of quality into their 1963 cars and I predict they'll bring record trade-in values because of it. Dealers will pay more for them because their customers will too." **DON BLACK**, Don Black Used Cars, Los Angeles, Calif.



"The quality built into the 1963 Ford makes it the best value in its class. Everything is much improved—construction . . . interiors . . . performance. It should have excellent resale value." **HAROLD HORWITZ**, H & H Motors, Baltimore, Md.



"The increased quality in the '63 Ford—from exhaust to cooling system to upholstery and headlining—makes it a better car. There's no question that it will bring more as a used car." **J.M. PATTERSON**, Pat Patterson Motor Sales, Memphis, Tenn.

"1963 Fords will bring record trade-in values"

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PERSONAL OUTLOOK

What kind of vacation is good for you

How much and what kind of vacation you need depends on what it takes to relax you. It is a uniquely individual experience.

"Some people unwind quickly, so that a long week end can do them a lot of good," says IBM's Dr. Alan McLean. "Others don't even begin to relax for several days, so that they need at least a week or two of vacation to get any real benefit."

Some people, admits Dr. McLean, chairman of the American Psychiatric Association's occupational psychiatry committee, just can't unwind no matter how long they're away from the office. They're usually tense and become more uncomfortable the longer and farther away they are.

Some executives can relax by attending meetings of their professional or business groups, simply staying at home, or doing what they usually do in a different way, he points out.

The measure of a relaxing vacation, says Dr. McLean, is whether you have been able to forget the office and your business problems.

Some tax reminders

Your personal income tax deadline this month is June 17 because June 15 falls on Saturday.

That is when the second quarterly installment on your 1963 estimated tax is due.

Are you earning more than you estimated you would? You may be subject to a six per cent penalty on any deficiency if you estimated less than you paid last year or your quarterly payments come to less than 70 per cent of what they should be.

You can amend your estimate on the back of the quarterly statement you get from Internal Revenue. You can amend it in your favor, too, if you are earning less than you figured.

If Congress cuts taxes for this year, you may be able to take the reduction in your third or fourth quarterly payments on your estimate.

Will you serve?

Ever wonder whether you should contribute when you are solicited by an organization about which you may have doubts?

The National Conference on Solicitations, made up of representatives of business and groups which make public appeals for funds, suggests that in making up your mind you consider the group's objectives and methods of promotion and solicitation.

Before serving on a fund-raising committee or lending your name to one, the Conference advises that you satisfy yourself that there is a need for the organization, that the amount being raised is commensurate with the need, that there are adequate controls for administering the funds, and that not too much is siphoned off by promoters or for overhead costs.

Overseas help

You can get help from the U. S. Commerce Department if you want to make some business contacts while abroad this summer.

The Bureau of International Commerce will give you the names of government officials, licensees, state trading agents and other key people. It will also arrange appointments for you, but not until you have arrived (to make sure you will keep them).

This is all handled through the foreign serv-

PERSONAL OUTLOOK

ice staffs of U. S. embassies to facilitate your trip and minimize waste of time trying to find out whom to see and where to find him.

They can't help you as much in Iron Curtain countries. Our embassies will be advised of your coming and you can get the names of state trading agencies.

For help write to Walter C. Clyde, Jr., deputy director, Commercial Intelligence Division, Bureau of International Commerce, U. S. Department of Commerce, Washington 25, D. C., or contact the nearest Commerce Department office.

Travel notes

Your passport picture doesn't have to look like a passport picture. The Passport Office encourages you to try unretouched color photos.

If you travel frequently or might be called abroad suddenly, the Office suggests you keep your passport valid. After three years you can renew it for two more at half cost.

"Going Abroad," a booklet available free from travel agents and banks, can help you with international currency values and regulations. It also has information on weights, measures, temperatures, clothing sizes and general hints on how to manage your funds while traveling.

What's wrong?

How can you tell when an associate is suffering serious mental anxiety or disturbance?

Dr. Ward C. Halstead, a pioneer in testing the brainpower of executives, says key signs are when the person:

Suddenly becomes sloppy in his desk work.

Bursts into a frenzy of long hours of work

and fruitless scurrying around on unimportant tasks.

Starts to hoard routine jobs instead of delegating them.

Begins hitting the bottle too hard and too often.

The University of Chicago brain specialist suggests these steps to prevent tensions from developing:

Keep in top physical condition and take a thorough physical every year.

Use your "thinking" time effectively. Make the toughest decisions at the time of day your thinking is best.

Don't duck decisions by passing the buck or hiding behind committee or group decisions.

Keep your mind working. Think through a decision before acting.

Where to invest

Balanced investment in common stocks looks, in the eyes of investment specialists of our leading banks, like a good thing at this time. They say the market will likely move gently upward the rest of this year and reach new price peaks if taxes are cut (page 56).

What about investments other than stocks and bonds? The right kind of real estate in the right place should be a good prospect, these specialists told Nation's Business.

Commercial-type real estate in growing metropolitan areas offers particularly good investment prospects, says one.

Another suggests carefully selected undeveloped real estate in any areas having good growth potential.

A third warns: In whatever you plan to invest, be selective and be guided by skilled judgment of professionals.

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See what Rust-Oleum® does for a cotton gin

Not long ago, this bank of 10 cotton gins showed the effects of sun, wind and weather. Metal surfaces had deteriorated; appearance was bad. This cotton company solved a common maintenance problem with a spray application of Rust-Oleum Green Aluminum, made with Alcoa® Pigments by Rust-Oleum Corp., Evanston, Ill. See the fine appearance today. This company says it upgraded their entire plant.

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Spruce up *your* plant and facilities soon. Tell your maintenance superintendent you want the added value of colored aluminum. Spray or roll it on virtually any surface—inside or out.

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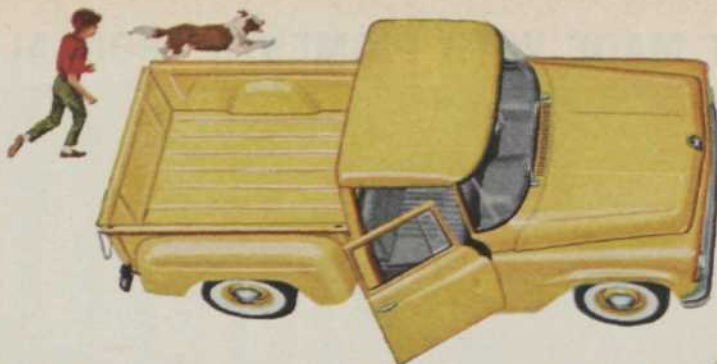
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CHALLENGE

continued from page 48

will find some companies, their payrolls heavy with executives whose skills have become obsolete, hastening men into early retirement or—as has recently happened in a number of large companies—laying off managers.

The most versatile executive will be best equipped to shift to new positions.

Mr. Clague characterizes the managerial obsolescence problem as acute but limited. It will not involve the larger numbers of people caught up in technological displacement in lower factory and office jobs.

Computers and complex information systems already are cutting down the number of middle management personnel required in some firms. Harold J. Leavitt, professor of psychology and industrial administration at Carnegie Tech, predicts that by 1980 highly creative people will take over the top management of American companies.

They will be the master's degree and Ph.D. graduates of business schools or of science and social science divisions of the modern universities, he says.

Paradoxically, an executive who is today in his forties may already be an anachronism in many firms—unless his skills are upgraded. This is particularly true in such fast-changing fields as science and engineering.

The Stanford Research Institute, which specializes in long-range forecasts, foresees other employment problems. For example, by 1975 the number of working people between ages 20 and 24 will reach almost 13 million, compared with seven million today. While the total number of people over age 14 is growing by 28 per cent, the age group 20 to 24 will expand by more than 70 per cent.

Middle-agers at the same time will remain stagnant numerically. Older workers will show only a modest increase.

"This situation will present many problems," says Paul J. Lovewell, general manager of the Economics and Management Research Group at Stanford. "Younger workers will be harder to place and often will require closer supervision than older, more experienced workers. Yet, because of the dearth of middle-agers in the years ahead, some shortages are likely to develop in

the ranks of necessary supervisory personnel."

Stanford studies confirm other predictions that, on the whole, the future labor force will be better educated than it is today. About half of today's workers under age 35 have at least completed high school. By 1975 the proportion will rise to 70 per cent. The number graduating from college will rise significantly and the number of people with advanced degrees will rise even more.

This means that companies willing to pay well for highly educated and skilled workers will be able to select employees from a larger pool of people well qualified to fill the jobs of tomorrow.

At the low end of the spectrum will be an ever-growing pool of unemployables. If present trends continue, some 7.5 million of the 26 million young Americans expected to join the labor force this decade will do so without having completed high school. Several million won't even have finished elementary school.

With capability needs soaring, this prospect is bleak, for there are few jobs available today for the high school drop-out, and there will be even fewer in the years ahead. It

should be noted that the percentage rate of drop-outs is expected to improve, but the group will grow numerically because of the higher birth rates in the postwar years.

To reverse this trend, and to assist those who have already dropped out of high school, organizations such as the Chamber of Commerce of the United States are vigorously pressing programs to improve local vocational training and retraining programs and to foster closer cooperation between schools and businesses so youngsters are given training in marketable skills.

It will be imperative to national progress that a place be found in America's future for the drop-outs. Mr. Lovewell believes the problem of fitting young people into jobs will be troublesome.

"Prosperity," he says, "will be endangered if they cannot find employment."

Education, of course, is one answer to employment needs. Most authorities are confident that ways will be found to reshape programs such as vocational training to fit future job needs and that the employment problems of the future—which now loom large—will, to some considerable extent, be greatly diminished.

END



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EXPERTS PREDICT STOCK MARKET OUTLOOK

Leading bank specialists
see general upward trend

THE STOCK MARKET will continue a generally upward movement in the months ahead.

This is the composite opinion of investment specialists of leading banks across the country.

A NATION'S BUSINESS survey of their views also indicates:

- ▶ New stock price peaks are expected if taxes are cut.
- ▶ Concern about federal deficit financing is widespread.
- ▶ The market is vulnerable to the possibility of one or more shakeouts before Christmas.
- ▶ No major upset of crash proportions is anticipated in the foreseeable future.
- ▶ Investors appear to be expecting a resumption of inflation in the years ahead.
- ▶ The number of Americans buying common stocks and bonds will go on rising.

Stock trends, the experts say, reflect a broad-based confidence in general business improvement throughout the remainder of 1963 and running into 1964.

Price averages at year-end, most agree, will probably be in the neighborhood of last year's high point.

A comment by a Seattle banker is typical:

"I think that, for the balance of 1963, stocks will not rise or fall in a spectacular manner. An upward trend seems the best guess. Bond prices should maintain a fairly even keel."

The high ratio of stock prices to earnings potential and dividends is worrisome. Because of this, the market is vulnerable to unfavorable news.

Other troublesome forces include the U. S.

balance of payments situation, particularly the resultant loss of gold.

Favorable forces include the long-term economic potential of the country to grow at a faster pace than in recent years. Another is a broad-based, confident national psychology.

Business earnings are expected to improve, though no dramatic rise is foreseen.

But the ideas of informed investment analysts vary. Here are the views of leading bankers:

Investors expect future inflation



LEVITON-BLACK STAR

Norman S. Welch, vice president, Trust Company of Georgia, Atlanta

We anticipate no particular change in interest rates during the remainder of this year. We have, of course, noted that this period of recovery in business has been unusual as it has not been accompanied by rising interest rates, and even though our outlook for business is encouraging, we do not believe the extent of the rise will affect the current level of the money market.

Despite this position, we also are concerned about the continuing deficits in our international balance of payments, and we are giving some consideration to the prospect of a tighter policy by the Federal Reserve in order to halt the outflow of gold.

In the stock market we expect a relatively narrow trading range for the remainder of 1963. Our projections of business conditions are encouraging

in that we expect activity to advance above the narrow plateau which has prevailed since the middle of 1962.

We also believe that corporate profits will increase by perhaps five per cent this year over last, and under these conditions we do not believe that a drastic market decline is probable.

We are somewhat concerned about the high level of prices in relation to earnings and dividends.

At this level, a drop of at least 10 per cent in values is always possible, and we certainly will not be surprised if such a drop occurs. However, we doubt that a decline of as much as 20 per cent will happen.

In conversations with customers, we are impressed with the widespread belief that the value of the dollar will continue to decline. The vast majority of people apparently believe this is inevitable, and many are emphasizing the purchase of common stocks in an attempt to offset this possibility. In our opinion, this is one of the major factors leading to the increased public ownership of common stocks, and we believe this trend will continue.

Attitudes favor improvement



MOORE-BLACK STAR

Henry Toland, senior vice president and trust officer, Exchange National Bank of Tampa

I expect the trends in stock and bond markets to remain fairly stable throughout the remainder

of 1963; no wide swings or breaks. Attitude of government and attitude of investors toward government will be chief factors influencing trends.

The Administration learned its lesson in 1962 and will strive to maintain business and investor confidence.

A major plunge is always possible; however, there is no reason to doubt that a 1929 type plunge can be averted under national or international crises.

The mood of America favors a continuing expansion in the number of people buying stocks. This should have a stabilizing effect on prices.

Good year ahead



SCHNELL-BLACK STAR

Arthur J. O'Hara, vice president of Northern Trust Company, Chicago

The stock market should continue to work higher.

Most blue chip common stocks are already selling at high multiples of per share earnings and are not entitled to sell higher unless earnings are going to rise sharply.

I am not expecting much change in bond prices but there could be some firming in yield toward the end of the year.

Trends should be favorable for business and 1963 should be another good year for general business activity.

Increasing corporate earnings will make for a steady and slowly rising stock market.

Investors, however, are worried about our un-

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| 1962 (December) | 71,000 |
| 1970 (Projected) | 98,000 |

| BUILDING PERMITS | VALUATION |
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| 1951 | \$ 2,564,947 |
| 1962 | \$50,778,401 |

| ASSESSED VALUATION | |
|--------------------|---------------|
| 1951-1952 | \$ 14,746,340 |
| 1962-1963 | \$140,438,640 |

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STOCK MARKET

continued

favorable balance of payments position, political uncertainties around the world, particularly in Cuba, and our policy of overly generous foreign aid.

I look for no severe market upset in 1963. We should have a modest reaction or two to bring prices down to more reasonable levels.

A generous tax cut should result in a sharp rally.

Tax cuts are imperative

William W. Wolbach, *president,*
Boston Safe Deposit and Trust
Company

I believe relative stability will characterize the stock and bond markets during the balance of the year.

The principal inference from these trends—or you might say the principal cause of them—will be that business will also show relative stability and fluctuate narrowly around present levels.

In the bond market, I think supply and demand will be in approximate balance, business activity will be relatively stable, and neither the Treasury nor the Federal Reserve Board will think it desirable to make any major departure from the present pattern. The major considerations here are the international monetary payments problem, financing the debt, and maintaining sufficient credit to stimulate business activity.

As for the stock market, there are innumerable factors, of which



perhaps the most important at the moment is investor confidence. A certain amount of fluctuation is inevitable and even a minor setback on low volume can cause scare headlines at times when news of a more urgent nature is lacking. I look for a trading range type of market rather than any pronounced trend one way or the other.

The market will do better if there is a tax cut than if there is not.

My personal view is that tax reduction is imperative to the continued economic health and growth of the country. The present structure is an unfortunate left-over from wartime conditions. We are well past the point of diminishing returns under the present structure.

Crash is unlikely



John M. Zuber, *vice president and*
senior trust officer, Republic Na-
tional Bank of Dallas

It is our expectation that both the stock and bond markets will be relatively stable during the remainder of 1963.

We would expect stocks to fluctuate within a rather narrow range, and we believe there will be only minor changes in bond prices and interest rates.

The chief influencing factors in the foreseeable future probably will be the balance of payments, reduction in federal income taxes and the increase in early adult population. All of these would tend to stabilize or improve the economy so that I would not anticipate a market upset.

However, this does not rule out the possibility of one or more abrupt

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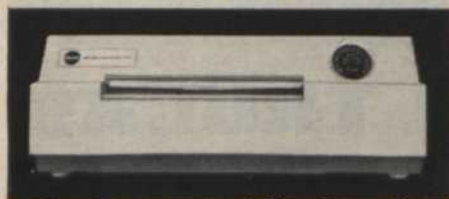


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STOCK MARKET

continued

adjustments in the stock market like the one in the spring of 1962.

There would seem to be practically no possibility in the foreseeable future of a major stock market plunge. Business and credit excesses found in 1929 do not exist today. A large portion of stocks are held in strong hands such as mutual funds, pension funds, etc. Also, the average individual is in much better financial position than in 1929 because of personal savings and pensions.

I expect a growth in the number of people buying stocks.

Such an increase could have a tendency to bid up stock prices in a rising market and might result in somewhat heavier sales, hence a decline in prices, during a falling market.

However, the stable influence of large institutional investors will partially offset the effects of increased individual stockholders.

Business shows surprising strength



Charles M. Bliss, executive vice president, Bank of New York

General business has shown surprising strength, benefiting from consumer spending, particularly in automobile sales. Now we are beginning to get evidences of increased business spending to come.

We believe the recession we had expected in 1963 is not likely to take place.

On the other hand, there is not likely to be a major increase in industrial production and we see nothing to change the pressure on profit margins.

At most, we would expect only a moderate further improvement in corporate earnings. As the market has advanced significantly from the low point of last year, we see nothing in the business news to stimulate further substantial rise. In our opinion, if this should occur, it would have to be based on other factors affecting investor sentiment.

Developments affecting taxes will be important in assessing market trends. It now appears no action will be taken in time to affect 1963 business directly, particularly in view of the increase in social security taxes already in effect. There should be some stimulation to business in 1964 from tax reduction and the stock market will tend to look ahead.

I conclude that the stock market is not likely to have an upset as great as it had last year. This does not mean that I have changed my view that trust funds should not be as heavily weighted toward common stocks as was justified in prior years. I continue to question whether the growth in dividends will be as rapid as it has been.

Number of shareholders will grow

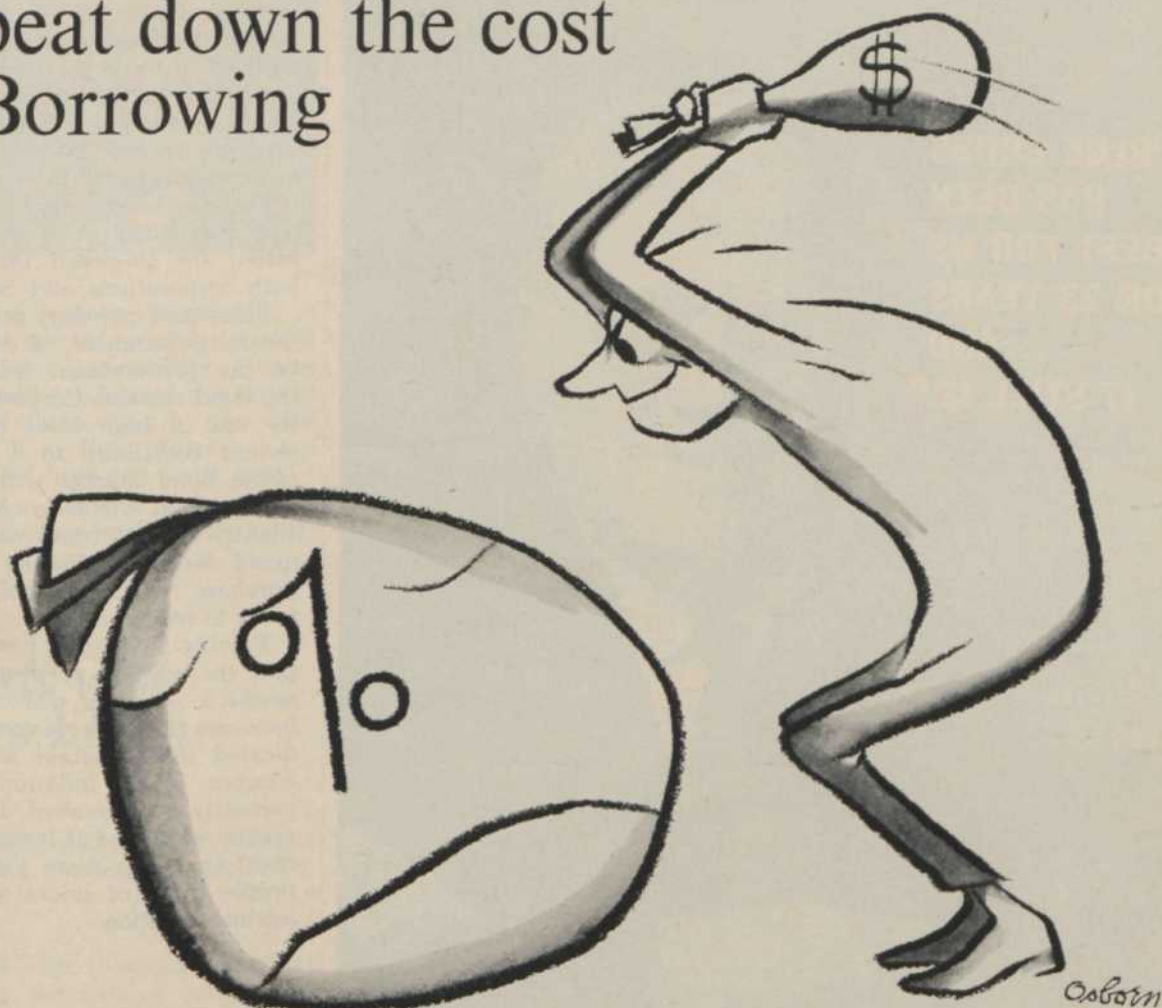


Thomas L. Ralph, senior vice president, Fidelity-Philadelphia Trust Company

We believe the trend in the stock market for the balance of 1963 will be somewhat flat.

Stocks generally appear to be

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the kids to college. If you've established a good credit reputation with a Full Service commercial bank—chances are good that you can borrow the money there at far less cost than you'd have to pay elsewhere. On a \$2,000 loan, for example, you might save as much as \$100 in interest costs. This is true because interest rates for loans at Full Service banks are usually considerably lower than at most other types of financial institutions.

For another example, take *home loans*. Often, a Full Service bank can save you money because of lower fees, even though the actual interest rate may be the same as quoted by another financial institution.

What about the lower interest rate on savings?

A good point. But vulnerable. Full Service banks sometimes pay a little less on savings than other types of financial institutions. But suppose you have a \$1,000 savings account in a Full Service bank. Even if it earns 1% less,

this only cuts you out of \$10 a year. Meanwhile, if you had taken advantage of the low-cost loan we mentioned earlier, you'd already be \$90 ahead—and you'd have a good bank in your corner.

If you're like many people, you'll borrow far more in your lifetime than you'll save. It figures that having to pay even a slightly higher rate on a loan will quickly wipe out any small gain you might make on your savings.

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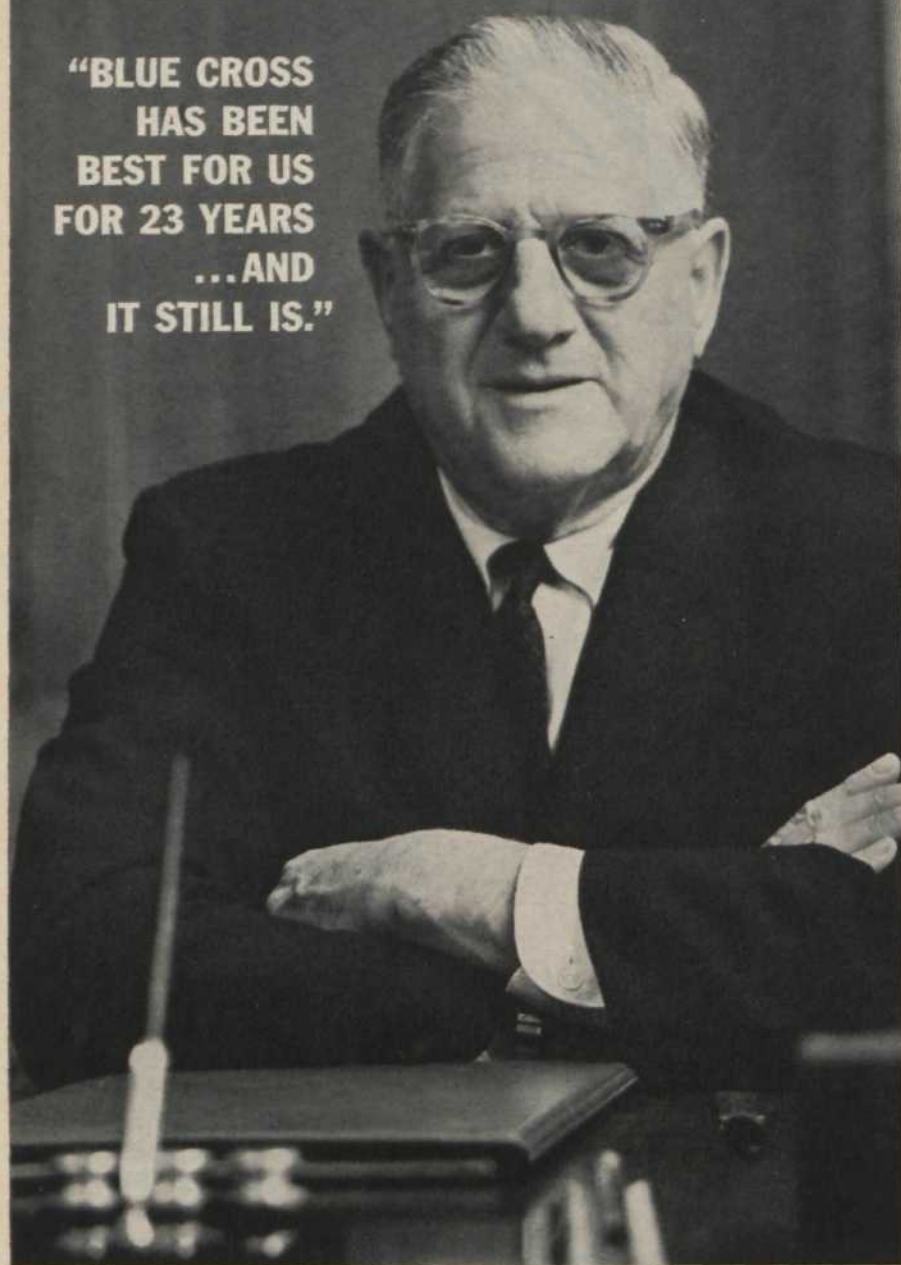
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STOCK MARKET

continued

somewhat fully priced in relation to earnings. Business improvement for 1963 will probably be in the neighborhood of three per cent, which is not sizable enough to stir up large-scale buying. There is considerable caution toward the purchase of common stocks.

We also believe that the market has discounted to a considerable extent the proposed tax cuts for both corporations and individuals.

Fiscal and monetary policy of the federal government, of course, will be the predominant influence on the bond market. Corporate liquidity and a high level of savings should contribute to a relatively stable bond market with the possibility that yields could show a slightly upward trend with the demand for funds coming from the purchase of new equipment in order to reduce costs.

Barring a collapse, I would think that the number of people buying stocks in America will continue to increase. Postwar history has indicated that inflation is of major concern. While inflation may not currently be a byword, I would be greatly surprised if it remains dormant for many more years. Many people think of stocks as a hedge against inflation.

Sharp reaction if taxes aren't cut

J. R. Johnson, vice president and senior trust officer, Bank of America, San Francisco

I expect the stock market to move generally upward through the rest of 1963 in line with moderate business expectations.

However, in consideration of the sharp rebound from the mid-1962 lows, I feel the market is technically vulnerable to any unfavorable business news.

Over the balance of 1963, a continued modest supply of new issues relative to demand in the corporate bond market should cause some downward pressure in interest rates with concomitant strengthening of prices. Current estimates of corporate spending through 1963 do not suggest a significant pick-up in the rate of corporate borrowing.



I expect business to continue in a slightly upward trend for the rest of 1963 with a possibility of some recessionary tendencies if a tax cut is not put into effect by the third quarter. The effect of such a cut will not be fully felt until 1964.

Failing a tax cut, a sharp reaction could occur in the present market which is anticipating a cut.

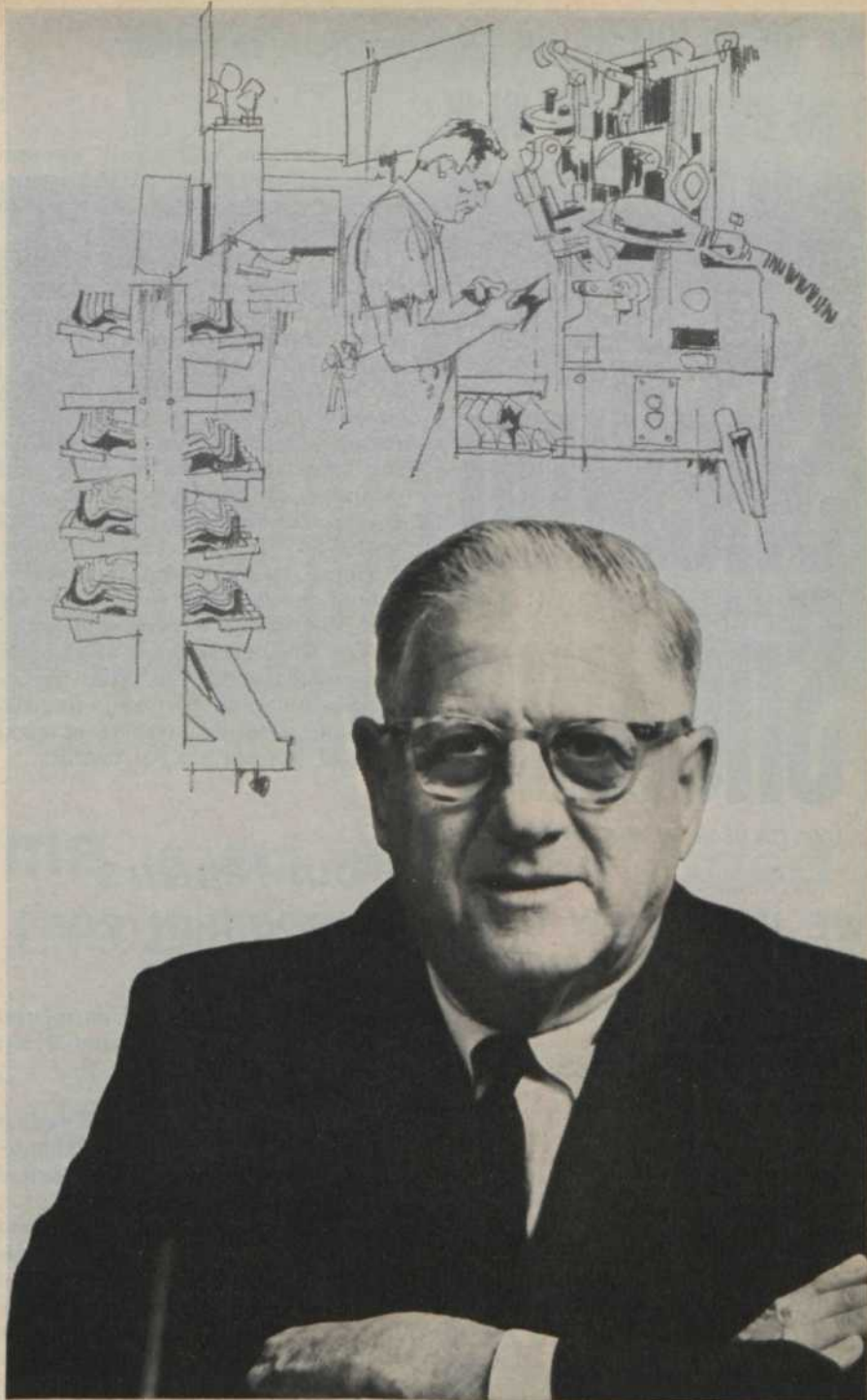
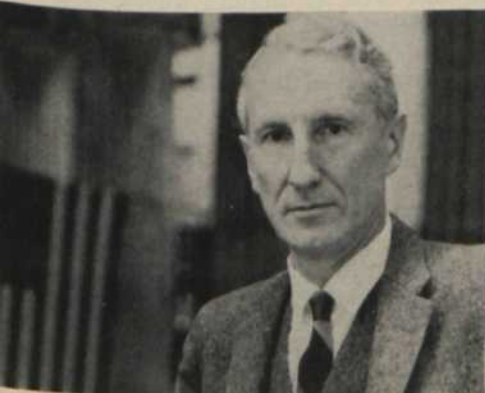
Bonds will move higher

Morton Smith, vice president, Girard Trust Corn Exchange Bank, Philadelphia

Superficially, it would seem that predicting the cost of money and bond prices would be a much more scientific affair than predicting stock prices, as the element of psychology is a minor factor.

However, you will recall that in December 1961 it was perfectly obvious to everyone that business was going to be good throughout 1962 (which it was) and, as a consequence, money rates would rise and bond prices would fall (which they did not).

This illustrates how securities markets follow Gumperson's Law



NATHAN STIX, President, U.S. Shoe Corp

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STOCK MARKET

continued

which, as you will recall, stresses "the real possibility of the occurrence of least expected events in the face of overwhelming odds."

But forecasting is an irresistible temptation. Here are my views:

Stock averages will end the year about where they began. The bond market will move higher.

Earnings, in the long run, are basic to stock prices. The price-earnings ratio of around 19 to one for industrial stocks is high, and earnings are unlikely to show a spectacular advance either in 1963 or 1964.

Hence, people who buy stocks should be satisfied with dividends and should not expect substantial profits. The bond market will remain firm—perhaps move a little higher as the volume of savings is increasing and profitable outlets at good rates of interest are narrowing.

Four factors support prices

Alfred P. Haake, Jr., Continental Illinois National Bank and Trust Company of Chicago

I expect that further stock market advances in 1963 will be moderate. However, the trend of stock prices should be generally upward.

The short-term outlook for bond prices seems to be one of little change, but in the second half of the year there should be a moderate firming of long-term rates resulting in somewhat lower bond prices.

The chief factors influencing the trend toward moderately higher stock market levels would include:

Outlook for some improvement in

corporate earnings and dividends in 1963.

Favorable money supply figures and the large amount of investment funds in the hands of institutional investors and the public. This should continue to exert upward pressure on the stock market.

Expectation of an eventual tax cut.

Continuing government deficits, which sustain inflation fears in some people's minds.

A part of the extensive recovery in the stock market would seem to stem from the belief that a tax cut, although delayed and uncertain as to form, will eventually come. If it should become apparent that a tax cut is not likely, I would expect that the market would suffer a reversal—but not of major magnitude.

Modest correction expected



Paul A. Pflueger, Jr., financial vice president, Title Insurance and Trust Company, Los Angeles

Important business indexes are at an all-time high. The immediate future should bring a continuation at this level or slightly higher. In the background are unknowns such as the cold war and the long-term deterioration of the dollar's buying power.

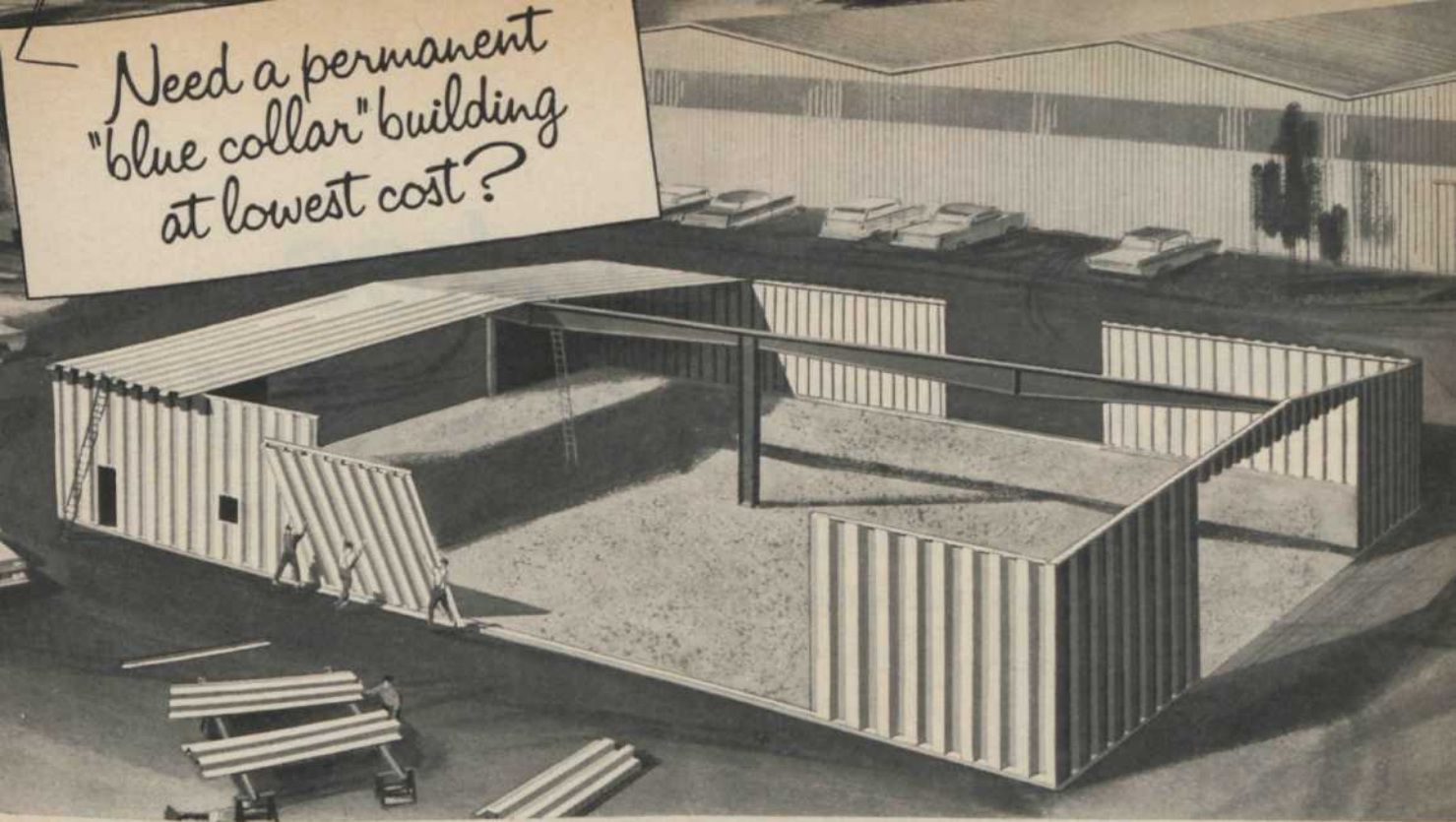
Interest rates should not fluctuate beyond a quarter of a per cent.

The stock market, following the tremendous rise we have had, is due for a modest correction. We see no plunge like last year nor do we see any reason for a really sizable gain on the up side. Prices will vary in a narrow range for the balance of the year.

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What it takes to be successful

Business leaders, educators and consultants evaluate the qualities a manager needs most

WHAT MAKES a man successful?

Benjamin Disraeli, Britain's prime minister in Queen Victoria's time, said, "The secret of success is constancy to purpose."

To Ralph Waldo Emerson self-trust was the "first secret to success."

The wealthy and successful John D. Rockefeller, when asked about the qualities needed for success, replied:

"The ability to handle men is the most valuable thing in the business world. I will pay higher for that than for any other qualification."

Few subjects in man's long history have excited more attention than the somehow magic qualities that lead to success. What success is, how it can be acquired and what it does to those who possess it are questions which for centuries have intrigued philosophers, political leaders, novelists, entrepreneurs—in fact, men of virtually all stations in life.

The subject is no less popular today than it has ever been. In the sophisticated setting of our time the quality which the Greek tragedian Aeschylus called "man's God" is a

challenge to the social scientist, a laboratory specimen to be analyzed with depth interviews, career pattern studies, and correlations of an individual's attainments with his personal and social background.

In business, what does it take to make a man successful?

NATION'S BUSINESS editors sought answers to this question from educators, management consultants, and men who themselves have achieved widely recognized eminence in business and industry.

Their answers do not fall into any neat package. Each tended to place emphasis on a somewhat distinct element of what, in sum, adds up to a prescription for the qualities a man or woman must have to rise to a high position.

Among those qualities rated highly by more than one of the 20-odd authorities consulted was what might be termed the ability to see the diverse components of a business enterprise as a whole. Edward N. Cole, group vice president in charge of GM's car and truck divisions, describes this characteristic as "the ability to understand the interrelationships among the functions of research, design, manufacturing, machine and human abilities, costs and selling."

Another quality emphasized by several authorities is the increasingly important capacity of an executive to manage the efforts of specialists without himself becoming enmeshed in the details of their work. Integrity—moral soundness—was often mentioned although, perhaps because of its fundamental nature, it was only briefly discussed by some.

From the opinions of the experts

How would you rate these success factors?

The qualities listed below are among those cited by authorities who were asked by Nation's Business to tell what they believe is most important to success in a business career. You can match your own evaluation against that of the experts by rating each attribute by priority. See page 74 for the experts' answers.

Self-confidence

Ability to delegate

Ability to lead others

Willingness to work hard

Imagination and creativity

Luck

Integrity

Aggressiveness

Ability to see relationships among complex functions

Ability to operate as a generalist

this composite portrait of the successful executive can be drawn:

- ▶ He has integrity.
- ▶ He has the ability to foresee change and to prepare for it.
- ▶ He has self-insight and the good sense to recognize his limitations.
- ▶ He has a genuine ability to lead, to command the loyalty of others.
- ▶ He sees problems and challenges in the round and is not blinded by their separate parts.

Views of educators

Because they not only train business leaders of the future but are in a position to study executive qualities with a minimum of distraction, deans of business schools were invited to answer the question:

"What qualities do you believe are most important for executive success?"

The role which an awareness of change plays in the make-up of the successful businessman is underscored by Dean Arthur M. Weimer, of the Graduate School of Business, Indiana University. He notes: "To anticipate changes and to adapt to them is a basic leadership talent. It requires creativity of a high order and often creates conflicts. Yet without change an organization may sail smoothly into disaster."

Dean Weimer contends that the real test of a man's leadership skills is his capacity for introducing

change quickly enough and, if possible, in advance of general changes.

Another educator, Dean E. A. Gaumnitz of the University of Wisconsin's School of Commerce, says, "Quite obviously, an executive must possess such qualities as general intelligence, specific knowledge of his field, and an ability to relate well to others. Assuming an adequacy of these characteristics, integrity is the most important single quality. An executive must be true to his basic beliefs and he must follow the dictates of his intellectual processes.

"Integrity," he continues, "also implies dealing honestly and honorably with one's fellows. The sycophant may appear to succeed for a time, but in the end—in time of crisis—he will be found to have been borrowing his power and influence from someone else."

Executive Dean Joseph H. Taggart of the New York University Schools of Business, holds that it is impossible to say that any one single quality is most important for executive success.

"Research has shown," he notes, "that success is related to a number of abilities. One executive may be successful because he is strong in one area while another man may have been just as successful because he was strong in another. In addition, the situation, with the requirements it makes of the executive, varies from time to time and place to place and calls on different abilities for its successful solution."

Dean Taggart adds: "If I were to try to list a single quality, which in turn is really a combination of a number of qualities, it would be that of leadership. This implies at least three skills: first, the ability to make decisions; second, the capacity to get them acted on; and, third, the willingness to evaluate the results of such action and, if necessary, modify future courses of action."

Burnard H. Sord, associate dean of the College of Business Administration of The University of Texas, emphasizes "the ability to visualize the relationships existing in a complex organization" in his selection of 10 important qualities. Others on the list: high ethical standards, an



FRIED-PIX

Britain's Lyndall Urwick contends that courage is a vital attribute



Ed Cole of General Motors values ability to relate parts to whole



NYU

NYU's Dean Taggart says success depends on a number of qualities

George Odiorne holds that future leaders will be judged by followers



John D. Rockefeller, Sr. prized man's ability to manage others

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BE SUCCESSFUL

continued

enlightened attitude about and approach to human problems in management, adequate technical competence, a philosophy about the functions of business and businessmen in society, ability to delegate, ability to make basic decisions in a timely manner, flexibility in the approach to problems, ability to communicate, and ability to visualize opportunity.

In Mr. Sord's opinion the ability to visualize relationships in a complex organization is particularly valuable at higher levels, "where relationships become more complex and their quality has a greater impact on decision-making and coordination." He points out that managers who possess the ability to visualize opportunity enjoy a definite advantage over those who do not. On the other hand, he adds, this capability is one that is difficult to identify, describe or develop.

What businessmen say

David Rockefeller, president of The Chase Manhattan Bank (and a grandson of John D. Rockefeller, Sr.) stresses the growing importance of the businessman's involvement in the political and civic life of the community. Mr. Rockefeller sees this role as an effective counterpoint to the businessman's economic activities.

Mr. Cole, who has become a kind of legend because of the part he has played in the success of Chevrolet, has the generalist in mind when he says it is vital that a manager be able to understand the interrelationships among company functions.

Other observations by Mr. Cole: "An important quality—and one which is missing in the perspective of many young people today—is the willingness to work hard and accept increasing responsibilities, sometimes in positions somewhat removed from the individual's primary area of training, experience and desire. This is particularly true of those with technical backgrounds, who not only can make significant contributions in many other areas of work but who must also learn all the other operations of the business if they hope to be the most effective managers."

John J. Grela, administrative vice president of the Northern Natural Gas Company of Omaha and a former management consultant, holds that "intelligence is one

Atlanta



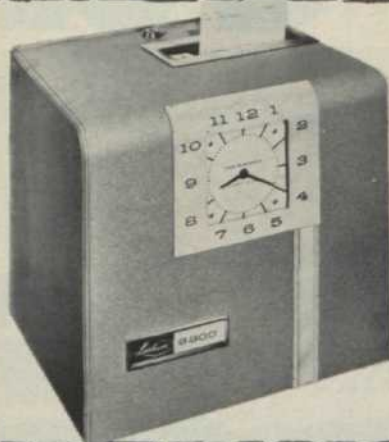
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BE SUCCESSFUL

continued

of the key make-or-break qualities in the make-up of a manager." Others he lists—in the order of importance—are emotional maturity, the capacity to trust subordinates, the ability to be self-critical and to accept criticism, flexibility, and "a deep sense of self-assurance."

John Diebold, automation pioneer and head of The Diebold Group Inc., says, "To be able to assess rapidly that which is important is probably the single quality most successful executives have in common."

Mr. Diebold, a multimillionaire at 36, counsels companies on what it takes to capitalize successfully on technological breakthroughs.

He told NATION'S BUSINESS: "Confronted with today's extremely important product technology, the constantly changing business environment with parallel revolutions in both production and marketing, and ever more versatile competitive behavior, the executive is faced with an increasingly broader spectrum of problems and alternatives requiring timely decisions. Coupled with this are the tremendous penalties associated with a single wrong decision in a major area of resource commitment. Today's executive must carefully enumerate and define questions he must answer, evaluate the relative payoffs and risks in each case and determine the extent of the attention he must give to each matter."

"Too many otherwise competent individuals allocate far too much time and effort to relatively trivial affairs, and are forced to make truly important decisions under enormous and unnecessary time pressures."

George S. Odiorne, a former personnel officer of General Mills who now heads the Bureau of Industrial Relations at the University of Michigan, says the successful manager of the future will be judged by what his followers do rather than by his own personality traits.

"He will have no definable executive personality," says Mr. Odiorne. "He will have developed some skills to be able to make things happen. He will be more of a generalist than in the past because he knows he is going to face problems that go beyond any specialty. He is apt to be more adaptable and flexible than any specialist possibly could be. He will be more of an expert in analyzing situations, classifying problems, seeing causes and

identifying proper courses of action for others—who are specialists—than he is in being an expert in everything. He will be an organizer and will get his work done through the exercise of great organizational skills. He will be oriented toward results and responsibility and very typically toward profits and growth."

Can these qualities be developed or must you be born with them?

Mr. Odiorne believes the necessary attributes aren't always things a man must innately possess. But, he adds, "it may require very extensive training to acquire them."

"The principal qualification in the future," he goes on, "probably can be summarized by saying that a man must be trained, rather than having blue blood or a silver spoon in his mouth."

Dean Taggart says of the developability of skills: "Obviously, some potential executives have more innate ability than others. . . . This in no way, however, degrades the importance of education which permits us to develop to the fullest whatever innate skills and interests may be present. It does mean that the selection of individuals with potential is as important to later executive success as is the educational experience to which they are exposed."

Consultants speak out

Management consultants, whose work so often entails a critical assessment of the qualities which make men effective or ineffective, are unusually articulate on the subject of success.

Lawrence A. Appley, president of the American Management Association, believes that the quality of greatest value to an executive is "the ability to get people to work, to work hard, to work well, and to do so because they want to do so."

Personal qualities which he regards as essential are sensitivity to detail, alertness to opportunity, reliability, willingness to make sacrifices, economic perception, an appreciation of human values and emotional stability. He says: "If a person is not psychologically adjusted to the work of a manager, nothing can come of it. Many excellent individual producers, who have never wanted to be anything else, have been converted into failures as managers."

In the realm of executive skills Mr. Appley gives top ranking to the ability to provide a high degree of morale and sense of attainment on the part of one's subordinates.

Among consultants whose com-



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ments were solicited by NATION'S BUSINESS is Lt. Col. Lyndall F. Urwick, of London, chairman of Urwick, Orr & Partners, Ltd. Colonel Urwick is regarded by many business leaders and educators as the greatest living authority on scientific management. He has had a long and distinguished career in private industry, public service and consulting, is the author of many books and articles on management and has received numerous awards.

He says the ability of an executive to lead is of the essence.

The successful leader, Colonel Urwick explains, is one who motivates his subordinates to follow him readily. To do this, he maintains, an executive must have courage "because it is the basis of all virtues," will power, flexibility of mind, knowledge and integrity.

"Of these," he adds, "integrity is by far the most important quality. I cannot ascribe any order of importance to the other four, but serious failure in any one of them can be fatal in a variety of leadership situations."

Colonel Urwick asserts that each of these qualities is partly innate and partly an attribute which can be developed.

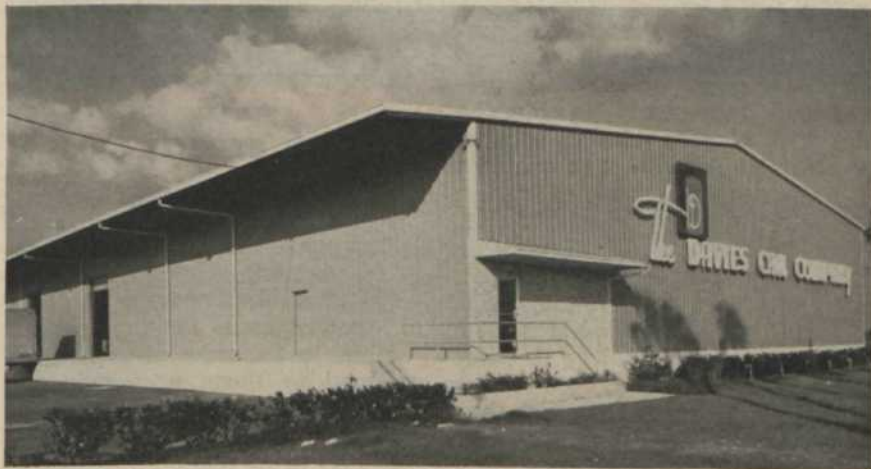
For example, he says, "Courage is in some degree a matter of facing dangers and learning that, if faced, they become less intimidating."

He recalls that in World War I he had a subaltern "who was so frightened on patrol at night that my other subalterns refused to take him out. 'He can't be trusted with a loaded revolver,' was their comment. So I took him out myself. Before the end of the war, he was decorated three times for gallantry. He had learned that everyone is frightened by danger, but that giving way to the unpleasant feelings which fear generates doesn't help. The same is true of moral courage. A young man can be taught to overcome stage fright and speak coherently in public."

Will power? Again, says Colonel Urwick, this can be taught, at least in part. Flexibility of mind? Knowledge? Both of these, he feels, can in large part be taught, although he believes "overspecialization in much of modern education greatly weakens the ability to teach flexibility of mind."

Integrity, Colonel Urwick observes, "is primarily a matter of early training. To teach the young

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to 'love the truth' above personal convenience is the basis of it. But it is not wholly a moral issue. Quite a number of people learn integrity of conduct somewhat later in life through appreciation of the nature of intellectual integrity.

"In my experience," the British consultant concludes, "whether an individual achieves a position of leadership in a practical field or not—that is, whether people accept his guidance willingly in that field—largely turns on two issues:

"First, his own singleness of purpose. That is to say, the combination of factors which determines whether, quite early in life, he makes up his own mind as to what he wants to do with such qualities as he possesses and his success in ignoring distracting circumstances. Where this singleness of purpose exists other people almost always come to accord to that individual some measure of leadership in that field, whether it be biology or baseball.

"Second, the degree to which that purpose is of general rather than personal concern. Leadership is a relationship which is earned and accorded by others. It cannot be forced. People are seldom interested in others whose objectives are manifestly egoistic. Such persons may succeed in dominating, but they seldom lead."

William J. Biehl, chairman of the board of George Fry & Associates and current head of the Association of Consulting Management Engineers, believes that one of the most important qualities for success in business is the willingness to admit mistakes when they have been committed, and "to know when you don't know."

Mr. Biehl contends that an inordinate amount of timidity exists in the leadership echelons of American business and industry today "largely because of increasing concern on the part of professional managers that they satisfy stockholders and bankers." This factor, in his opinion, has tended to dull the risk-taking thrust in executives.

Among his recommendations for a successful career:

Don't overspecialize.

Don't be afraid to take a chance.

Don't be afraid to admit ignorance if you run up against something bafflingly new in technology or the tools of managing.

Executive recruiter J. Hardy

Jones, president of the Association of Executive Recruiting Consultants, says, "An executive, to be truly effective, must be a man who can get things done through others.

"Specifically," he says, "the successful manager must be able to set up objectives and put other people to work in achieving those objectives. He needs imagination and analytical ability, to be able to know when an activity is going to be profitable or not."

In Mr. Jones's 19 years of experience in organization planning and recruitment (he's a former vice president for sales of Lever Brothers) he has found that the successful

What experts said

(Key to quiz on page 66)

INTEGRITY—and variations of it, such as honesty or moral soundness—was given first rank by virtually all participants in the survey.

Here, in the order of importance assigned to them, are other key qualities or skills selected by the experts:

Ability to see relationships among complex functions.

Ability to operate as a generalist.

Ability to lead others.

Aggressiveness.

Self-confidence.

Willingness to work hard.

None of the authorities identified "luck" as a factor leading to success. A number did, however, mention "the ability to delegate," and "imagination and creativity," other qualities listed on page 66.

businessman is a person who possesses controlled aggressiveness in getting things done. This means, he says, that "a man must be tough enough to make people live up to company goals."

Some men manage to do this in a quiet way, he says. "Others stamp on the desk. In any event, you have got to have the inner hardness it takes to accomplish a job. Those who are able to do this tactfully are called leaders. Others do it more ruthlessly and are called dictators."

Self-confidence is another valuable quality for success, according to Mr. Jones. He urges businessmen to feign this quality if they don't have it by nature.

"Even if you first must affect it,"

he says, "you will probably find that people respond favorably to it and eventually what you assume as a false personal image will become a real one."

On the other hand, C. Wilson Randle, vice president of Booz, Allen & Hamilton, Inc., says "It is apparent from our selection and appraisal of thousands of executives over the past five decades that success depends on the whole man and not his separate traits and abilities.

"Two successful executives in comparable positions can be widely divergent in their personal qualities," he notes. The successful manager is not an explicit type but a man with a mix of characteristics or qualities that are never quite duplicated in any other executive.

"In individuals," he says, "certain of these characteristics are outstanding, the majority are average, and a number are weak. The success of an executive is determined by what qualities are outstanding and what qualities are weak. Moreover, the presence or lack of success seems to rest more on outstanding and weak qualities than on those of average strength. The former make a man rise above the ranks or let him be pulled down, while the latter are not distinguishing though they may be necessary to the total make-up of the executive."

Mr. Randle says executive excellence and success also depend on two other major considerations:

"First is the environment in which the executive operates, including such factors as the job content, the people with whom the manager is associated, the characteristics of the industry as well as that of the company, and the character and timing of happenings.

"Second is the factor of change. Among the elements under constant change are the executive's capabilities, his age, the requirements of a particular job, the executive needs of the company, the size of the company, and the technology of the industry.

"Finally, success itself is a transient measure that is subject to constant revaluation. The requirements to lead an organization successfully through the 1960's may not be the same requirements necessary in the 1970's."

END

REPRINTS of "What It Takes to Be Successful" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from Nation's Business, 1615 H St., N.W., Washington 6, D.C. Please enclose remittance with order.

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2. HIGH WORKER TURNOVER

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3. MORE OF REPETITIVE PAPERWORK

If your office staff is primarily engaged in preparing the same type of paperwork over and over, you definitely will profit from automation. 90% of the typing and figuring of sales orders, invoices, purchase orders, etc., can be done *automatically* with basic automated equipment.

4. "LACK OF INFORMATION"

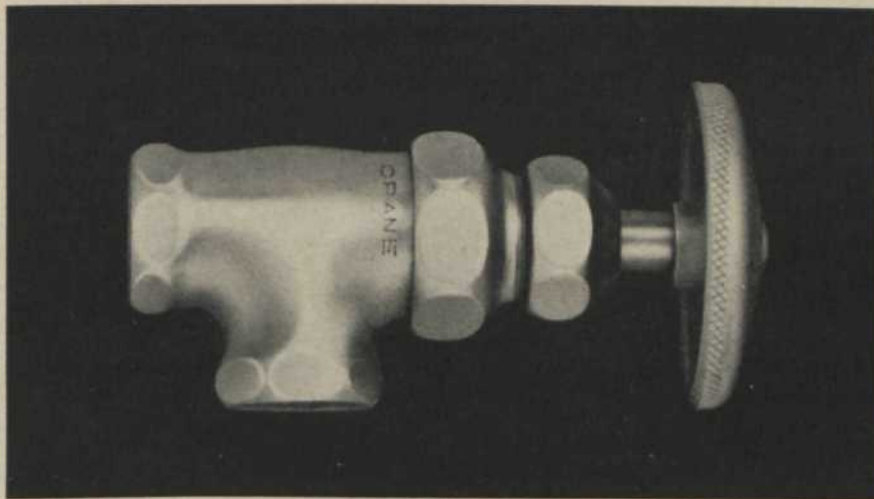
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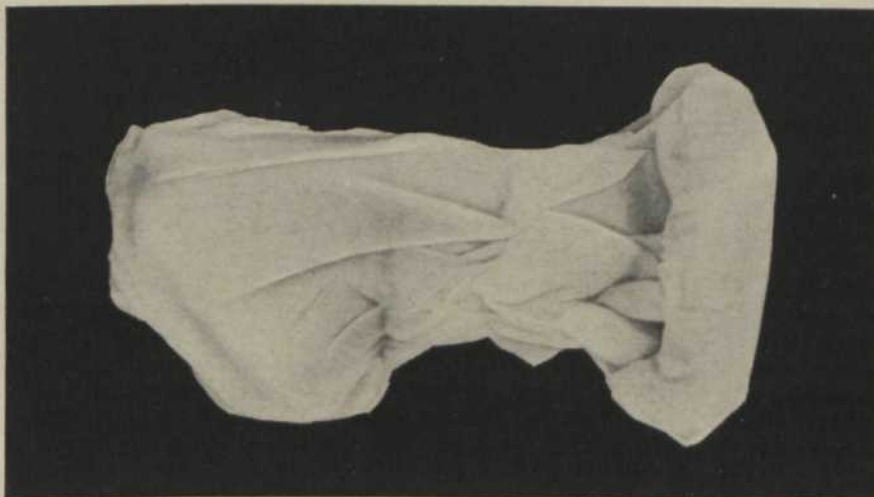
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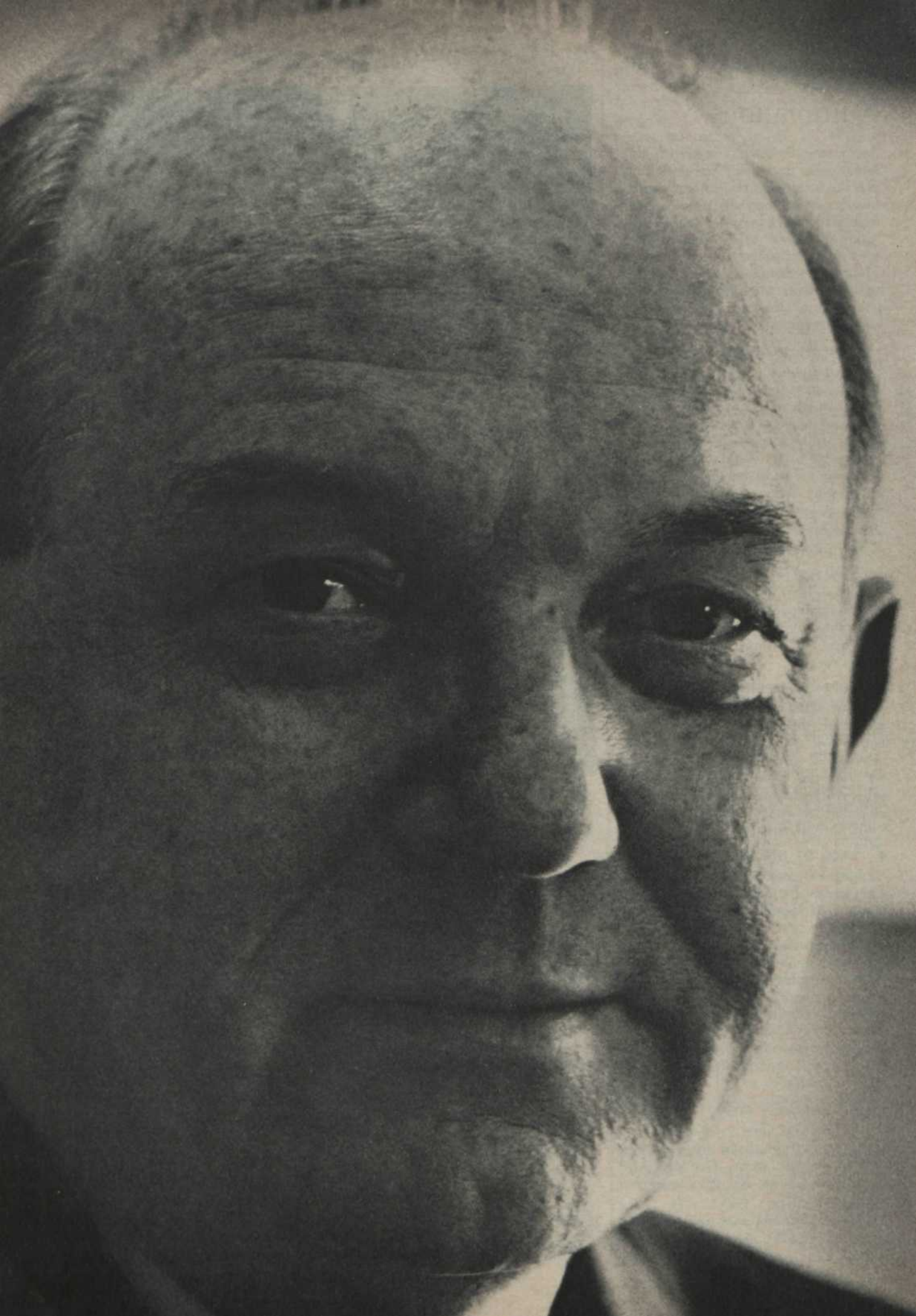
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AMERICA'S BRIGHTEST OPPORTUNITIES

These are the winds of global change that
now are blowing in favor of the free world

BY SECRETARY OF STATE DEAN RUSK

GREAT FORCES for change are abroad in this postwar world. In the main, they are working to the long-run advantage of this country and of the Free World.

At least four such forces can be listed:

- ▶ The trend toward unity in Western Europe, which is emerging as a new world force.
- ▶ The transformation of the prewar colonial empires into nearly 50 new nations, all of which have rejected communism as a form of government.
- ▶ The increasing conflict between the Soviet Union and communist China, and the pressures for greater personal freedom in the USSR and parts of Eastern Europe.
- ▶ The readiness of more and more nations to attack in concert and through negotiation the great problems which confront us, from development of underdeveloped areas and reduction of artificial barriers to trade to the great issues of war and peace.

Opposed to these forces is another: International communism, pressing outward from the Eurasian heartland, is waging cold war on the free peoples of the world, seeking to deny them the right to order their societies as they choose.

To all of us as Americans, these developments pose important questions. In this period of rapid change, have we been making progress toward our ultimate goal—a true world community of independent states, working together to preserve peace and further the prosperity of

all? Should we alter our national course, or press ahead with new determination? Is any end of the cold-war era in sight?

These questions have a particular application for the American businessman, whose enterprise is a vital element in our security. Private investment abroad, managerial skills, initiative in foreign trade—these are resources which can make invaluable contributions to the accomplishment of our international objectives.

In weighing our answers, let us examine the four critical areas which President Kennedy has called “special avenues of opportunity for America.”

The Atlantic Alliance

In the late 1940's, this country stood almost alone in the West as a great power. Today, a second great center of power takes its stand at our side before the communist challenge: a strong and vigorous Western Europe, increasingly ready and able to share the burdens and responsibilities of leadership in building the free world.

In working this great change, history relied heavily on one factor more than others: a recognition by Western Europeans of their common European destiny, and a mounting determination to overcome national differences for the common good. The result has been a virtual rush toward a unified Western Europe, most pronounced in the economic sphere with the gradual development of the European Economic

OPPORTUNITIES

continued

Community or Common Market. The success of this cooperative endeavor in terms of the climbing living standards of the West European peoples has only reinforced their resolve to extend and strengthen their union in other fields.

The disappointment of British hopes of joining the Common Market last winter does nothing to change these basic facts. In the face of the enormous pressures of national interest and popular aspirations in Europe, I cannot myself believe that the failure of the negotiations at Brussels in January represents more than a momentary check to the flow of this historic trend.

The emergence of Western Europe as a new force in the postwar world is giving new meaning to the Atlantic Alliance as a partnership of equals. This has created some problems, and, to a far greater degree, it has presented invaluable opportunities.

The problems in a sense represent the price we are paying for the success of our postwar policies in Europe; in a word, they are growing pains. They range from such matters as our poultry exports to the nuclear armaments of the alliance. The fundamental fact that they do not damage the essential fabric of alliance has been proven repeatedly—most recently, during the Cuban crisis, when our allies stood resolutely at our side.

Our common stand on Berlin over the difficult years is another confirmation.

Most of these matters revolve around a central question: In the new circumstances, how are the burdens of defending the free world and helping the less-developed countries to be shared?

In the military area, we are exploring two approaches to modernize and strengthen NATO without an unnecessary and potentially dangerous increase in national nuclear forces.

First, there is the entirely new concept of a Multilateral (nuclear) Force, which we envisage as a sea-borne medium-range ballistic missile force, multilaterally owned and manned, assigned to NATO.

Second, there is the Inter-Allied Nuclear Force, which is designed to increase allied participation in NATO nuclear affairs. This is an evolutionary development of existing NATO nuclear organization

rather than a new force as such. It would consist of nationally owned forces assigned to the Supreme Allied Commander in Europe and would include the United Kingdom V bombers, the three United States Polaris submarines now stationed in the Mediterranean, and forces from other allied countries. Such forces would continue under national ownership.

Together, the IANF and the MLF would constitute a NATO Nuclear Force. Our NATO allies have reacted favorably to both ideas in preliminary talks, and the groundwork is being done to bring them closer to achievement.

In the economic area, our forum is primarily the Organization for Economic Cooperation and Development, which includes as members the industrialized nations of Western Europe, Canada, and the United States. Through the OECD, we work with these nations for the adoption of common policies on such matters as monetary supplies, gold flow, and aid to underdeveloped countries.

Eleven European nations and Japan have joined us in a Development Assistance Committee of the OECD to work out a larger and more effective free world aid program. Some of these member countries are now contributing a higher proportion of their gross national product to foreign aid than we are. We feel that further contributions can be made by our European allies in increasing the total amounts of aid which they are providing and in liberalizing the terms under which it is given.

The opportunities before the alliance are vast. Western Europe's new strength and prosperity mean not only that it can contribute substantially more to the security of the free world. They also mean that Europe no longer needs to protect its economy against foreign competition, as it did in the hard years of postwar reconstruction. If the Atlantic Alliance can now unite to drive tariff barriers down and end other restrictions on trade, the result will be an unprecedented growth in the volume of trade around the world. The benefits would be felt not only in Europe and North America, but in every free nation. All our other tasks would become less difficult as our total resources increased.

The Trade Expansion Act of 1962 gives us on our side an important bargaining tool to use to this end. We intend to use it fully in next year's tariff-reduction negotiations, for which we and the 43 other mem-

bers of the General Agreement on Tariffs and Trade are now preparing. We are doing our utmost in all our daily contacts with these other nations to see that this momentous opportunity is not lost.

The developing nations

The developing nations of Latin America, Africa, and Asia contain a heavily disproportionate share of the world's hunger, disease and disorder. Yet they offer a great challenge and a great opportunity to the United States.

Can we show them that the way to economic and social development lies through democracy and individual enterprise, not through communism?

If the answer is yes, we will have won an unparalleled opportunity to strengthen our own defenses and raise our own living standards in an enlarged free-world community—one which would offer vast new markets for American products as well as increased resistance to subversion.

Not one of the 46 nations to achieve independence since World War II has voluntarily adopted communism as a form of government. Recently, communism has suffered severe setbacks in the Near East, where anticommunist governments have taken over in Syria and in Iraq—a nation in which the communist bloc had invested \$500 million in foreign aid. But the struggle for the allegiance of the developing nations continues—economically and politically in some areas, and militarily in those places where the communist bloc can bring military pressure to bear.

Our key weapon in this struggle is our foreign aid program. Economic aid is used to help raise the level of development in less developed nations toward the point at which private investment will be able to meet their economic needs.

Today our aid program is putting more emphasis than ever before on two essential factors—self-help and private investment.

We have increasingly in recent years given loans instead of grants, and have put more and more stress on the need for contributions to the program from the recipient countries, whether in local currency, labor, or internal reforms. Our recent multimillion dollar loan to Brazil, for example, was tied directly to reforms which the Brazilian government undertook to institute. If the reforms are carried out, the amount of the loan will be raised; if not, it will be decreased.

Private investment is also playing

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A major part of the industrial growth program in Florida is the 71 industrial parks and well-planned industrial districts strategically located throughout the length and breadth of the state in 42 different areas. (See map). Twenty-five of the parks are located on or are near airports. There are numerous choice locations for your new Florida plant site in all of the five main market areas—Northwest, Northeast, Central, West and South—from the pine country of the panhandle to the sub-tropical lower East and West coasts. The geographic spread of industry within the past four years, is manifested by new plants starting in each of the state's 67 counties. From Key West on the Southern tip to Pensacola at the Northwest boundary of the state, more than 3600 new plants and expansions have created 131,000 new manufacturing jobs in the past 5 years.

1. Pensacola 2. Gainesville 3. Ocala 4. Fruitland Park 5. Leesburg 6. Lacoochee 7. Haines City 8. Lakeland 9. Plant City 10. Clearwater 11. Tampa 12. St. Petersburg 13. Bartow 14. Venice 15. Fort Myers 16. Naples 17. Kendall 18. Miami 19. Hialeah 20. North Miami 21. Ojus 22. Fort Lauderdale 23. Boca Raton 24. Delray Beach 25. Boynton Beach 26. West Palm Beach 27. Riviera Beach 28. Palm Beach Gardens 29. Indiantown 30. Sebring 31. Palm Bay 32. Melbourne 33. Orlando 34. Sanford 35. Edgewater 36. New Smyrna Beach 37. Starke 38. Jacksonville 39. Lake Butler 40. Lake City 41. Tallahassee 42. Marianna. Detailed advantages of each of these industrial parks, their names and actual specifications are available from the files of the Florida Development Commission.

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Florida's Assurance Policy. "You have my personal assurance of a sunny business climate here in Florida. You have positive assurance of every aid and assistance possible from our Florida Development Commission and from the overwhelming majority of our businessmen, industrialists, and financiers. We have everything to make your large or small enterprise healthy and successful. Write, wire or phone us TODAY. The only thing better than a FLORIDA vacation is having your plant here."

FARRIS BRYANT, Governor



Mr. Wendell Jarrard, Chairman
Florida Development Commission
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OPPORTUNITIES

continued

an increasing role in our foreign aid program. American private investment can make a contribution to our foreign policy that goes beyond the value of the dollars involved. The contribution in managerial skills and attitudes and the ties developed between American businessmen and their counterparts in other lands may prove far more important than the flow of capital alone.

Our aid programs stimulate private investment in many ways. They promote the private economic sector in the participating countries by building local credit institutions and training local businessmen. They also protect American businessmen through the investment guarantee program against such risks as currency inconvertibility, expropriations, and war damage. In addition, our Agency for International Development can make both dollar and local-currency loans to private borrowers for projects in less-developed countries when other capital is not available.

The importance of the private investment side of our foreign-aid effort has recently been urged both by the Clay Committee and by the President in his foreign-aid message to the Congress. The President recommended a tax credit of about 30 per cent for new investments in developing countries, and an expansion of the investment guarantee program.

In this long-term effort to help raise the economic standards of the developing countries, we and our allies are making measurable progress every year. Last year, we were able to end technical assistance to Israel, and the program will also end in Lebanon this year.

Both Greece and Taiwan have been informed that we expect to withdraw our AID missions there fairly soon.

The aid program cannot always be run on banker's principles, much as we would like to do so. We cannot abandon countries such as Korea, Vietnam and Laos, where the economies are upset by war or warlike conditions. We must deal with governments that do not meet the highest standards of administrative efficiency, due to the lack of sufficiently trained personnel.

It is far cheaper and easier in the long run to work in this way to correct conditions favorable to communism than it would be to try

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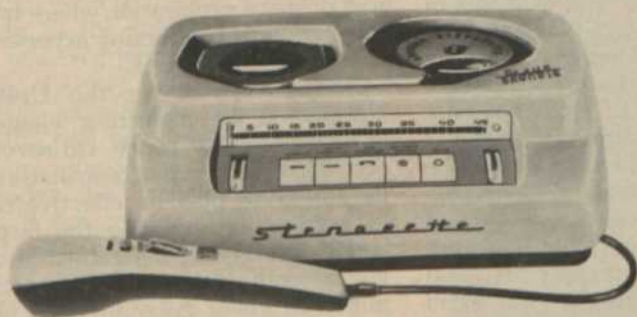
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Secretary of State Dean Rusk outlines role of businessman in global affairs

to deal with communist regimes in these countries once established.

The Sino-Soviet conflict

For at least 15 years it has been a primary objective of the free world to work out on a continuing basis a common policy for meeting the challenge of communist imperialism. The common allied front in every East-West crisis has demonstrated the success of this effort.

In contrast, the communist camp is showing signs of deep disagreement over progress of its "world revolution." This discord has been signaled by an exchange of abuse among fraternal communist parties which we would hardly have believed possible just a few years ago.

Both communist China and the Soviet Union are plagued with internal economic problems. Neither has been able to solve its agricultural difficulties. China's failure to recognize some of the elementary principles of economics and of human behavior turned its much-vaunted "great leap forward" program into national distress. The cure-all system of agricultural communes now exists in little more than name only, and the latest industrial plan has been scaled down and stretched out while the regime strives to rebuild food production.

The Soviets, despite great progress in some sectors of industrial production, have also been plagued by continuing difficulties in food production. Soviet grain crops have barely kept pace with increases in the population. As a result, they have faced a persistent dilemma in allocating resources between the agricultural program, the increasingly expensive military and space programs, heavy industry, and mounting consumer demands.

While the communist bloc has struggled with its economic failures, areas around its borders have become showcases for the free world and free enterprise.

At the same time, the newly independent countries have so far failed to turn toward communism as Marx and others predicted they would.

The world revolution, then, has not been doing too well; the triumph of communism looks even less "in-

evitable" than it did a decade ago. It is this fact, above all, which has given rise to the differences between communist China and the Soviet Union—differences over the way to get the communist world revolution moving again. The Chinese, who are economically less developed than the Russians, and so have less to lose, espouse a more militant policy. They have been bitter in their criticism of the removal of Soviet missiles last fall from Cuba. They favor stepped-up communist efforts in Southeast Asia; they did not hesitate to attack neutral India, which the Soviet Union was supporting with considerable economic aid and even some military assistance.

In the short run, this new development offers us little comfort. The Sino-Soviet differences over tactics do little to affect the basic communist objective, which both these powers share: the extension of communist control throughout the world. The dispute may even have the effect of deepening, rather than moderating the cold war. For different reasons of policy and psychology on each side, both the Chinese and the Soviets may feel it necessary or desirable to pursue a more aggressive course. For this reason, the war of words between Moscow and Peiping gives us no reason to ease our defense effort; indeed, we need to be more than ever on guard.

But I think we can find in this communist discord new evidence of an old truth: the fact that nationalism is today and long has been a far stronger force than communism—even behind the Iron Curtain. Looking farther into the future, I think we can confidently expect the conflict of Chinese and Soviet national interests to increase and not diminish as China gradually shapes and strengthens its new national identity. In the long run, this trend can hold little promise for the future of international communism.

Meanwhile we mean to do all we can to encourage the more liberal elements in the communist-bloc countries, through continuing cultural, economic and political contacts. And above all, we must never get tired of trying, through negotia-

tion, to reduce the areas of conflict with the communist world—to broaden the areas of mutual interest—and to end the arms race and lessen the danger of a nuclear war. There is after all one overriding interest we have in common. Neither side can gain from the devastation of the northern hemisphere by fusion weapons.

The search for world-wide peace

Early in April, at the Geneva Disarmament Conference, the Soviet Union agreed to an American suggestion that a direct communications link be established between Washington and Moscow to speed communications between the two capitals in any crisis situation.

This link is intended to help reduce the risk of accidental war caused by misunderstanding on one side or the other. It represents another small step in our ceaseless effort to reach agreements which may some day result in real peace.

This effort takes many forms. It includes continual talks on problems such as Laos and Berlin. It embraces participation in the disarmament and nuclear test-ban negotiations at Geneva. In the test-ban talks, some progress has been made during the last year; and while there are still basic difficulties to overcome, I am hopeful that we will continue to move ahead on it, however slowly.

We have also conducted negotiations on such other areas of common interest with the communists as outer space, weather, and cultural exchanges. Recently the United States and Russia signed an accord for a joint weather satellite program and communications tests with the Echo II satellite. We hope this will open the way toward further cooperative work in the area of space exploration where both sides are now conducting expensive, overlapping programs.

Strong support for the United Nations is an important element in our search for peace. On several occasions the UN has demonstrated its ability to play an effective role in keeping or restoring the peace, and in preventing dangerous great-power confrontations. The determined efforts of the communist bloc to destroy the organization are a measure of its value to those who defend the rule of law.

In perhaps its most successful peace-keeping action to date, the UN forestalled communist takeover efforts in the Congo, restored order and preserved the territorial integrity of the new nation by ending

three separate provincial secessions, including that of Katanga Province. Now the UN is helping the Congo government to bind up the wounds of war and get on with the urgent job of economic and social development. In my view, this has been an extraordinary achievement.

We shall continue to work to strengthen the effectiveness of the UN and its family of associated agencies.

Around the world, many political and economic forces are breaking down century-old barriers to bring men and nations together. Among these forces, none is more important than those of trade and commerce.

The United States has led in efforts to expand the world-wide flow of trade through tariff reductions and the removal of import quotas and other nontariff barriers. We feel that the basic strength and unity of the free world depend in a large measure on these efforts.

The future strength of this country will also depend on our ability to win our share of growing world trade. Through the trade promotion program, we are attempting to stimulate greater exports. As part of this program, we are placing more emphasis on commercial services at our Foreign Service posts abroad, and we are increasing our participation in trade fairs and trade agreements.

The basic job, however, of finding and developing new export markets will be one for business, not government. The markets of the future will go to the firms which are enterprising and farsighted today.

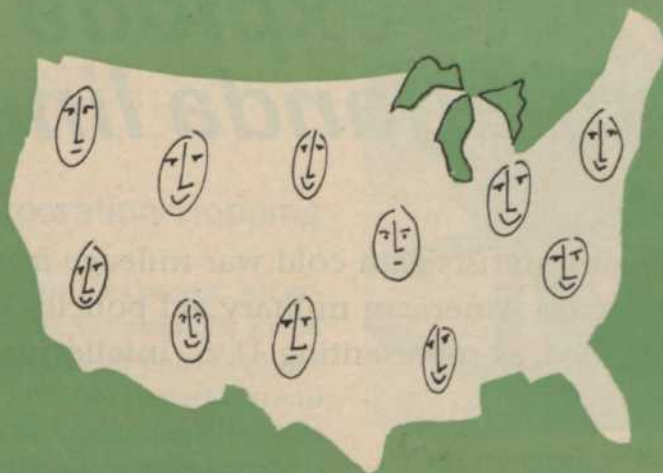
The way to world peace lies along many paths. None of them is easy. None of them is quick. None can be ignored in favor of the others.

I believe with most Americans that the broad course our nation has held to in the cold-war era is the right one. We have had many difficulties; we have had some reverses; and we have faced grave crises, with the real possibility of nuclear war, on more than one occasion. Yet today the strength of the free world is far greater than it was a decade ago, and the keys to a new surge of progress are in our hands. The forces at work to build a free and peaceful world community are showing ever more vitality, while the forces opposed to this purpose have lost in relative strength and unity.

In the days to come, if we do not tire of the effort, I believe we will continue to draw closer to our goals.

END

Your City's Personality



Cities, like people, have personalities. And like any personality, it can be judged in two ways . . . by what you see and what you feel.

Part of your city's personality is its appearance: its skyline, the grace of its buildings, the bustle of its downtown, the restful quiet of parks and residential areas.

But the feeling your city gives off is purely a product of its people. Friendliness, cooperation, energy, enthusiasm—these are the spirits the people of your city can exude to earn respect and regard from visitors and newcomers.

A leading hand in maintaining your city's personality—its appearance and its spirit—is taken by your local chamber of commerce.

By actively supporting your chamber you exercise your own city pride in a most practical and helpful way.



Pete Progress

Speaking for the local Chamber of Commerce in your community

Facts explode propaganda line

Asian communists gain cold war mileage from an attack on American military aid policies by group billed as representing U. S. intellectuals

WHILE COMMUNISM openly presses its challenge to the free world, some United States citizens are still subjecting their fellow Americans to propaganda that smacks of the party line.

The over-all communist propaganda line seldom varies and is recognized for what it is. But it is useful to examine, from time to time, cases in which themes useful to the party cause are heard from sources not identified as communist.

Government officials in Washington have been concerned by one recent development, a bitter attack on the American policy of giving military support to the government of South Vietnam in its fight against communist-supported guerrillas.

This spring an advertisement appeared in some major U. S. newspapers urging President Kennedy to heed the "mounting opposition of American public opinion to U. S. intervention in South Vietnam."

"South Vietnam could become America's Algeria," said the 62 signers, who included scientists, writers, clergymen, and professors.

The ad conceded that communists are involved in the rebel movement against the South Vietnamese government but portrayed the rebels as a "broad, indigenous, nationwide movement" enjoying wide public support.

It ignored the dominant role played by forces from communist-run North Vietnam and failed to mention publicly documented communist plans for a complete take-

over of the entire nation. And it demanded:

"Is it not finally time, Mr. President, for your Administration to end its abortive and unilateral effort to bring about a military solution in South Vietnam through American might and, instead, utilize diplomacy and international negotiation, as was done successfully in Laos?"

Such a line of reasoning inevitably raises these questions:

- ▶ What are the facts—concerning both Laos and Vietnam?
- ▶ To what degree does the ad reflect American public opinion?
- ▶ What has been the ad's effect?

The argument against American military aid to South Vietnam was coupled with the appeal to substitute negotiations, "as was done successfully in Laos."

What are the facts?

It took 14 nations an equal number of months to hammer out an agreement at Geneva whereby Laos was to be ruled by a shaky coalition of neutralists, communists and anti-communists.

Yet, not long after the ad appeared, the Geneva peace agreement on Laos became unstuck as pro-communist forces battled, not against the rightists, but against the neutralists with whom the Reds had been allied in the past.

Thus Red guns in Laos shot holes in the theory that negotiation would settle the strife in South Vietnam.

As to the participation of non-

communist elements in the anti-government front, a captured document from the communist North Vietnamese states baldly:

"In the present situation of South Vietnam, the Central Committee supports integration of these [non-communist] elements into the Front, not because the Party is betraying the policy of class struggle and of the revolution . . . but only to utilize their abilities and their prestige in order to push forward the revolution and to give more prestige to the People's [National] Front for the Liberation of South Vietnam.

"This line of conduct is only temporary. When the revolution is crowned with success, this policy will be revised. Then the Party will act overtly to lead the revolution in South Vietnam."

This is not to say that the American signers of the ad are or have been communists.

It is in the highest traditions of communist-front tactics—here as well as in Vietnam and elsewhere—to appeal to the occasionally uninformed idealism of even staunch anticommunists in enlisting their support for a cause.

That the signers represented something less than a ground swell of public opinion was indicated by the response to a plea that readers who agree tear out the advertisement and send it to President Kennedy.

Although the ad was printed in hundreds of thousands of copies, the White House—which receives some 25,000 letters a week—received only 107 clippings in the first month.

The response from the communists was much more impressive.

Radio Hanoi, the mouthpiece for communist North Vietnam, got a lot of mileage out of the recognition accorded the National Front for the Liberation of South Vietnam by "more than 60 U. S. personalities and intellectuals to President Kennedy demanding an end to the U. S. aggressive war in South Vietnam." The Red radio called the ad "a bell peal announcing that the Front's prestige has pierced the dark veil intentionally placed before U. S. public opinion by the reactionary ruling clique in the White House and Pentagon."

END

HOW TO BEAT THE NEWEST BUSINESS GAME

A John Hancock Plan to Stop Corporation-Hopping

Many methods have been tried in an attempt to put a halt to the pirating of key executives by competing corporations. Some work. Some don't.

One of the most successful approaches to this problem is an Executive Retention Plan offered by the John Hancock Mutual Life Insurance Company. It works because it makes sense to the man—and to the company.

In essence, the John Hancock idea provides a valuable executive with a financial plan that he can't afford to lose. This plan would increase the executive's life insurance substantially and at such a low cost to the executive that he will want to stay with you. Your company pays the greater portion of the premium, and the executive

is responsible for the rest. An executive of 40, for example, would pay an average of only \$419 per year for \$100,000 protection until he is age 65 (assuming dividends on present scale—not guaranteed).

Your company cannot lose any money with this John Hancock Executive Retention Plan. If the executive lives to retirement, your



company will recover its payments from the cash value of the plan. Or, if your company agrees, the executive may be allowed to continue the plan after retirement. If death occurs while the plan is in force, your company recovers its payments first, and the executive's family gets the balance of the insurance money. The man you want to keep finds it worth while to stay. It gives him more protection than he could otherwise afford and gives it to him at a time when his family responsibilities are greatest.



Many companies have chosen this type of plan for their President, Vice Presidents and other important associates.

If corporation-hopping is one of your problems, you should look into this John Hancock Executive Retention Plan. Ask your secretary to fill in the coupon below and mail it to us now. You will receive an electronically prepared illustration of how this plan would work for one of your executives.

PLEASE SEND THIS COUPON TO:

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LIFE INSURANCE

Executive Retention Plans, B-21
John Hancock Mutual Life Ins. Co.
200 Berkeley Street
Boston 17, Massachusetts

I should like to receive an electronically prepared illustration for an executive, age _____ amount \$ _____.

Name _____

Company _____

Address _____

City _____ Zone _____ State _____ NB-1



GOVERNMENT

continued from page 35

failure to recognize problems in their infancy, when really marginal corrections might suffice, tends on the one hand to aggravate the ensuing crises, and, on the other hand, to alter the structure of capitalism more drastically than is necessary."

Professor Phillips notes that the unemployment remedies of the 1930's—relief, public works projects, security measures and encouragement of collective bargaining—probably are not appropriate for the future. Tomorrow's problem, he says, will be to relocate jobs and men so that pockets of unemployment—centered industrially and geographically—do not have cumulative effects which will precipitate crisis-type legislation.

"The market economy may, indeed, succeed in solving the biggest part of the problem," he adds. "But it is quite likely that legislation aimed at increasing the industrial and geographic mobility of labor and industry, at re-educating displaced persons and, especially, at educating their children for occupations different from their parents', would be helpful.

"Laws affecting labor organizations, agriculture, defense contracts, public housing and distressed industries, to mention but a few, have direct connections with technological unemployment and, for the most part, are today being treated in ways which aggravate rather than mitigate its extent."

Those politicians who push for massive federal action often overlook the fact that most local civic leaders best know their communities' needs, potential and abilities.

Tax incentives needed

The Kennedy Administration is offering a three-directional program which it claims will help meet unemployment. One approach involves a sort of fiscal hypodermic, in the form of tax cuts and tax revision. Another approach involves a scatter-shot purchase plan for education and training. A third approach involves programs more likely to promote dependency of the unemployed rather than to provide jobs.

"Tax reduction," says President Kennedy, "will provide the single strongest push possible to move the economy toward achievable full employment."

His tax plan, he says, will "help provide the two million new jobs

we need every year . . . and reinforce the American principle of additional reward for additional effort."

Yet the Administration's proposals, providing cuts mainly in the lower brackets, would do little to encourage job-making investment.

What will probably be passed by Congress unquestionably will be somewhat different. Whether it will provide enough incentive for investment remains to be seen.

Some of the more obscure provisions of the tax program may well be important in solving the job problem.

For example, one proposal would encourage people to move where jobs are by allowing a new employee to exclude from his taxable income any reimbursement received from a new employer for moving expenses when changing his job. Under present law, this is permissible only when an employee moves to a new location with the same employer.

Another Administration proposal may also be important in creating new jobs. To encourage expansion of private research and development, capital expenditures for equipment specifically used for research and development would be allowed as a current expense deduction, rather than having to be depreciated over many years.

Some of the other proposals, such as postponing reduction of corporate taxes, and repealing the stock dividend credit and exclusion, could hardly encourage job-making investment.

The Administration's complex tax program also has ignored two present provisions which discourage labor mobility and retraining needed in matching man to job in the future. Present tax law defines a

worker's home as his principal place of employment. However, some people have to spend long, indefinite periods of time away from their homes and families as part of their jobs. When this happens their expenses often are not deductible.

Present tax law permits people to deduct the expense only of maintaining a skill or training to keep an existing job. You can't deduct the expense of education to get a new or better position.

Bills to change these provisions have been introduced by Rep. Thomas B. Curtis of Missouri and other congressmen. "We've got to retrain and educate constantly from now on," says Mr. Curtis.

The Administration's approach in the main calls for more federal money.

The President's massive education plan includes 24 separate programs, including the old school-construction subsidy scheme that Congress has turned down year after year because local communities have met their school building needs.

School subsidies multiply

An increase of nearly 50 per cent is asked in expenditures for vocational education for the coming fiscal year. Vocational training is so far behind the times that nearly half of the courses are still aimed at training farmers. This is at a time when probably only one farm youth in 10 will earn his living farming.

Although college student loans are available through thousands of banks around the country, the President is asking for a 50 per cent increase in authority for student loans under the National Defense Education Act. Private lending institutions would then be competing



Sen. Hubert Humphrey, left, says youth corps would save boys; Rep. William Ayres fears delinquents could swap techniques there

with an expanded program of federal loans, for which the interest is subsidized and repayments under certain circumstances are forgiven.

President Kennedy is also asking more money for three relatively new federal retraining programs established under the Area Redevelopment Act, the Trade Expansion Act and the Manpower Development and Training Act.

The ARA makes federal money available for training and subsistence allowances during training. However, less than 20,000 workers have commenced training since the Act was passed in 1961. The program has done little to help labor surplus areas. Strong opposition from business has developed in many of these areas, which must compete with federally assisted new plants. Creation of jobs in depressed areas is sometimes done at the expense of increasing unemployment in businesses which can't compete with subsidized new developments.

Workers displaced when factories go out of business as a result of import competition from new tariff concessions are to be trained under the Trade Expansion Act.

Under the Manpower Development and Training Act, training and living allowances are permitted for up to 52 weeks. The law doesn't restrict the training just to distressed labor areas. Training for unemployed youth is also provided.

The U. S. Employment Service is to get extra money, too, to step up job counseling services and placement activities and to gather and spread information on job opportunities and available workers.

At the heart of tomorrow's employment problem are America's young workers.

In spite of the fact that plans are under way in several cities to give unemployed youngsters on-the-job training, financed in part by MDTA funds, the Administration is pushing a youth employment bill as if it were the only answer to unemployed youth.

This bill proposes enrolling 15,000 young men to work in conservation camps. It would also subsidize half of the wages of another 40,000 boys and girls to work for public facilities such as schools or parks or non-profit private institutions, such as hospitals.

A chief sponsor of the idea, Senator Hubert Humphrey of Minnesota, describes it as a plan to save trees, land and boys. The whole idea has been attacked as having a number of weaknesses.

First, it would remove a relatively small percentage of youths from the unemployment rolls, since there are upwards of one million youngsters between school and job.

No lasting solution is held out, since the proposal would merely take this limited number of young men away from the labor market temporarily.

Conservation work would not provide the type of training for jobs in highest demand these days.

If any real recruitment program were adopted for the Youth Conservation Corps some further unemployment might be created by causing school drop-outs.

The corps would also thwart efforts on the local level to provide counseling and guidance and training for youngsters.

Opportunity for gangs

Among the unemployed youth and school drop-outs are a high percentage of Negroes and juvenile delinquents. The youth employment bill would be most applicable to these young people. But, as Rep. William Ayres, a high-ranking member of the House Education and Labor Committee, wonders: "Who is going to make these youngsters apply to go to conservation camp? What would they be trained for? And wouldn't this provide a fine opportunity for juvenile gangs recruited for the conservation corps to exchange secrets and techniques?"

The bill fits more closely in the category of legislation to provide relief rather than to cure. A number of other administration proposals are in the same category.

"The unemployment insurance system," declares Mr. Kennedy, "should be strengthened to provide more adequate protection on a permanent basis." He wants bigger payments made, for longer periods, and to more idle workers.

Some members of Congress have suggested that unemployment compensation should be paid only to workers who agree to prepare themselves better for future work through some type of retraining program. But the Administration has not endorsed any such incentive.

The President also has called for extension of the minimum wage laws to additional groups of workers, "particularly those in larger firms in major service industries."

Many older and younger workers were forced out of their jobs when the most recent minimum wage bill was enacted, because employers could not afford to do business at the

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GOVERNMENT

continued

higher cost of the government-ordered wage raise.

In addition the Administration is relying heavily on public works as a source of employment. A law passed last year authorized \$900 million for federal projects in areas of substantial unemployment. However, the price tag is high for these jobs. With an outlay of \$312 million of this public works money as of this spring, only enough work was created to give 34,000 men jobs for one year. At this rate, to give jobs to 4.5 million unemployed would cost more than \$40 billion.

Even at such an unrealistic outlay, the goal of upgrading workers to match man and job of the future in our fast-changing technological society could not be achieved this way.

To get the required rate of investment in economic expansion to accommodate the expected growth in the labor force and re-employ people displaced by technological advances, private enterprise must be encouraged through tax relief and incentives for research and development. Government, through history, has made its most effective economic contributions by promoting confidence and conditions favorable to private effort, not through the volume of public expenditures. **END**

AUTOMATION *continued from page 39*

design costs less to produce than the value placed on it by the consumer, a new product has been created. In a free society the profit motive is essential in sparking progress, for the financial risks of developing new products are large and the developer must have an incentive to take the risks.

"Nothing is more intrinsic in man than progress and change," Dr. Baker asserts. "Those who question whether we should stop progress might as well debate whether we should have sunlight during the day."

Effect on employment

Much of the concern over technological change centers on how one of its facets—automation—affects jobs. But the job dislocations resulting from automation are only a part of the broad sweep of technological progress, which creates more and better jobs.

"People who panic over automation just haven't done their homework, such as examining the studies that have been made on productivity and its effect on employment," says Dr. Richard R. Nelson, a RAND Corporation economist who has specialized in this field. "Those who predict a crisis see only that increases in productivity—output per worker—might result in fewer and fewer people producing the same amount of goods."

"This doesn't make very good economic sense. They overlook the fact that our growing rate of productivity is much more likely to result in higher output by the same or a greater number of workers."

"As productivity rises, costs and

prices fall relative to income. Demand is sensitive to falling prices, so that total output is forced up. This increase in output generates the income necessary to buy it in the market place.

"When we have too great a tax drain on this cycle, creating too broad a gap between what people earn and what they have left to pay for products, it is not profitable to increase output. This has been the situation since 1957, but the gap can be closed through cutting taxes."

Dr. Nelson believes that another aspect of the debate over technological progress—the fear that it will drastically reduce demand for less skilled workers and boost demand for higher skilled workers—is often overemphasized.

"Take the development of the transistor, a dramatic advance," he says. "In the early stages, the people involved in the production process were largely physicists and engineers. But as production was studied and became routine, the specialists reduced it to the point where less skilled people could be trained to do it. By focusing on the first stage of a new production process, educational demands for the workers are likely to be overstated."

"If we can set our taxes at a level where increased output is profitable and also take care of the training of our workers, we'll be able to have automation with a minimum of structural unemployment."

Additional information on the impact of technological growth on employment is supplied by Dr. John W. Kendrick, professor of

economics at The George Washington University, who has examined the subject intensively.

"Labor really needs to fear the companies that aren't automating," he says. "During this century it has generally been the industries with the fastest rates of technological advance, as reflected in productivity gains, that have increased employment more than average. The more progressive industries have been able to reduce relative prices, and thus increase relative sales and output more than enough to offset the labor-saving effect of productivity advance. The technically backward industries have generally lost ground."

The growth of the chemical industry provides a good illustration. During the past 10 years, the industry's investment in research and development, exclusive of government funds, went up 167 per cent. More than 500 new chemical products were launched each year. Production rose 100 per cent, and the dollar volume of sales increased 81 per cent. Assets went up 85 per cent. Wholesale prices increased only 2.7 per cent. Employment climbed 10.5 per cent, and the average weekly wages of production workers showed a 57 per cent boost.

"Technological breakthroughs have brought new business and new services," says Dr. Jesse Werner, president of the General Aniline and Film Corporation. "If we still made some of our products in the old-fashioned way, they would cost too much to buy. When we start a process that's relatively highly automated, we initially use fewer people. But as we produce a better quality product at lower cost, we attract more customers and our employment goes back up. In addition, our increased production provides more jobs in the industries that package our products and distribute them."

The computer itself is providing jobs for a growing corps of office workers who are required to operate data processing equipment. When a company installs a digital computer to take over its payroll, inventory procedures and other accounting routines, a number of clerical jobs are eliminated.

It is likely that the new equipment creates at least as many jobs as it destroys, however, because the company finds that it is now able to assume functions and perform analyses that were not possible before. The new jobs require higher skills than the old, of course, and dislocation may occur among cleri-

cal workers whose skills are not upgraded.

Dean Howard W. Johnson and Professor Martin Greenberger of MIT's School of Industrial Management estimate that new positions created by data processing may already exceed 300,000. This figure represents the office personnel needed to operate computers and does not include the large number of jobs resulting from their production or servicing.

Looking at the broad picture, the same conclusion holds true—technological change creates more jobs than it eliminates. Professor Yale Brozen of the University of Chicago's Graduate School of Business estimates that our technological growth produced more than 20 million new jobs during the 1950's and that about 13 million jobs disappeared for a variety of reasons, leaving a net gain of seven million.

"People who are alarmed by our changing technology are seeing the future too much in terms of the present," Mr. McCune says. "They are looking only at present products, services, and jobs and projecting these into the future. Actually, whenever we step up productivity and total capability, a whole range of undreamed-of products, services, and jobs come into being. Human needs and wants are open-ended."

Influence on management

Growing use of computers will free the executive from much of his routine decision-making and give him the opportunity to take a broader, more creative look at company operations. He will have more time to identify and solve problems, carry out decisions, and think about changes in the system which will cut costs and increase profits. There seems to be little danger that middle management will wither away, as some have predicted.

"Our needs for middle managers become greater every year," Dr. Werner says. "As business becomes more complicated we need more people in this area. Technological change is not a master but a servant, and people are required to manage it."

"I see a quicker response to consumer needs. We will have more rapid and complete information on what is needed, and we'll have the ability to develop and produce these things more quickly."

Dean Johnson and Professor Greenberger also predict middle managers will retain important roles in the future. They draw an analogy



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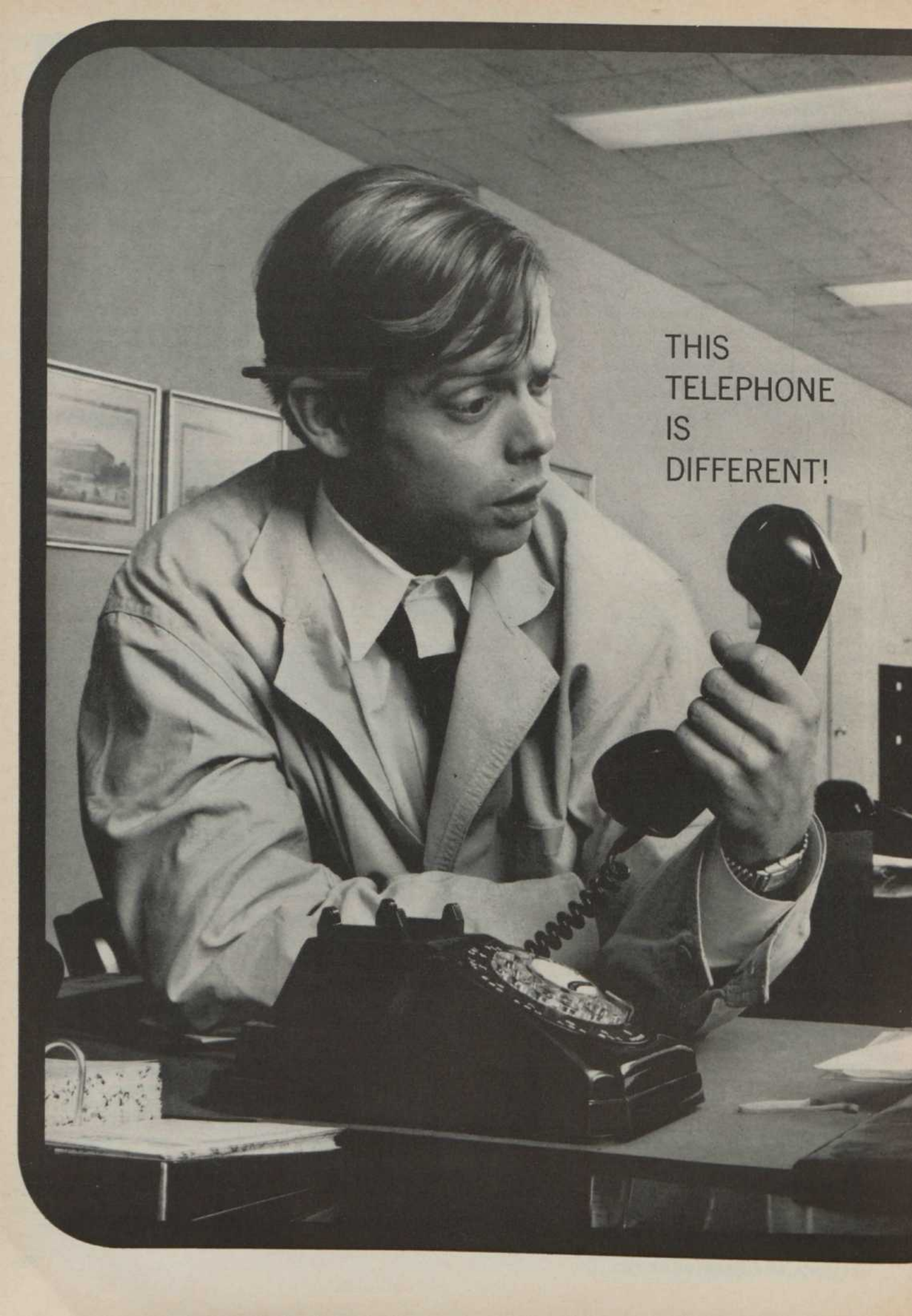
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AUTOMATION

continued

between tomorrow's middle manager and our present-day astronauts.

John Glenn was a central figure in the process of development leading up to his flight. During the flight he was ready to take corrective action if his ship veered off course and to handle any unpredictable events. He was in constant communication with top management and, after landing, made detailed suggestions for improvements.

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Future challenges

A basic challenge the United States faces is that of innovating faster than its competitors in the world. As the federal government puts a growing portion of the country's scientific and engineering talent to work on government programs—and as these programs increasingly involve exotic systems for defense and space exploration which produce less and less technological fall-out for industrial products—the task of the business community becomes more difficult.

"We may have to make a choice between the research needed for growth and progress in the United States in the near term and the research needed for projects further away, such as putting men on the moon," Dr. Herbert Trotter, Jr., president of General Telephone and Electronics Laboratories, Inc., believes. "The National Aeronautics and Space Administration's demands for its programs for the next two years, for example, would require all the scientific and engineering graduates of our colleges for those years."

"In the past we have experienced important fall-out from military research. We will have fall-out from current government programs, but it is many more years away. And none of it will solve such a major problem as commuter transportation, where it takes as long to go from Connecticut to New York as it did 40 years ago."

Michael Michaelis, executive secretary of the White House panel on civilian technology, emphasizes another need:

"In the absence of an entrepreneurial, innovative atmosphere, research and development can be still-born. It is only part of the whole process of technological change. More companies might find it advantageous to look at their business in a broad functional sense in order to discover new and more efficient ways of meeting consumer needs. At least one appliance manufacturer, for example, is investigating other means of food storage as a possible alternative to temperature control. They realize that they're in the food preserving, not the refrigeration, business."

Although the growth of technology has a total effect of creating more jobs, it causes dislocations within the labor force as more highly skilled people are needed.

"All possible encouragement should be given to the social sciences to work out ways to minimize such problems," suggests Dr. Richard H. Bolt, associate director for research of the National Science Foundation. "Once we have established certain basic scientific knowledge, we can predict to some degree what technology will grow out of it and do a better job of anticipating the problems it will bring."

"Education and training must become a more important and more continuous part of our life in order to have individuals who can readily convert intellectually to new jobs and conditions."

Perhaps the most striking challenge ahead is expressed by Dr. Simon Ramo, vice chairman of the board of Thompson Ramo Wooldrige, Inc.:

"The mass extension of the human intellect by electronics will be technology's crowning achievement. In every intellectual activity—in business, the professions, and in education—we will see a greater intelligence focused on every problem through new partnerships of man and machine."

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"Properly understood and utilized, technology offers us new tools and a new opportunity to bring social progress into balance with technological progress."

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LET OTHERS SOLVE YOUR PROBLEMS

Choosing the right approach makes the difference

AS AN EXECUTIVE your job is to get problems solved—often by having other people find the solutions rather than doing it yourself.

In other words, you must get your people interested enough in your problems that they will do the jobs they are there to do.

You have a number of spurs that can be used to interest your people in the problems you want them to solve. These include money, fame, self-realization, prestige, happiness, self-satisfaction. To use these, you must think through the way you will present the problem to the person you want to work on it.

Harold S. Geneen, president of International Telephone and Telegraph Corporation, says of the ability to interest others in problem-solving:

"It isn't any blinding stroke of genius. That's hogwash. It's a thousand little things you have to know and do. You have to work. You have to get information before you can solve the problem. You can't delegate anything if you don't understand it. You can't meet objectives if you don't understand them."

The basic problems that an executive must handle can be classified along much the same lines as the traditional rhyme for brides:

Something old—the problem that has been around for some time.

Something new—introducing an innovation into the work structure.

Something borrowed—obtaining some change in an existing situation.

Something blue—the problem which offers little but drudgery, though it must be solved.

Each of these has special requirements in attempting to build interest in solving them.

Something old

Nearly every company has some problems that have been around for awhile. Periodically, or sporadically, someone decides that another attempt should be made to solve one of these. Now there's a new problem: getting someone interested in one more try at something that is well known as unsolvable.

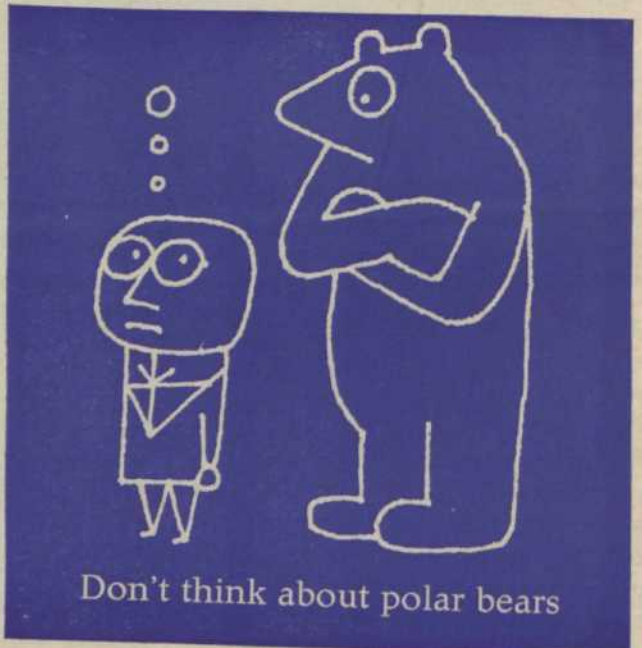
As a matter of fact, in some companies it is common practice to reserve this type of problem for new

men—on the theory that a fresh viewpoint might yield results that more experienced people haven't been able to obtain. At the same time, the feeling which is never expressed is that such problems offer opportunities to test the mettle of a new man.

But the situation exists: This is a problem with a history of failure in attempts to solve it. How do you interest someone in trying it again?

The important thing is to be positive in presenting the problem. Don't go into the whole story of how long the problem has been around, detail all the failures in attempting to solve it, and then expect the listener to look at it as a personal challenge and opportunity. Such an approach sets up a series of mental blocks that no amount of later encouragement can overcome.

There are people who debate this philosophy. They feel that when you put a man on a problem you should give him as much of the background as possible in order to avoid the waste motion of covering ground that has been shown to be fruitless. One con-



sultant has his own way of answering this argument. He suggests to those voicing this feeling that they try a little experiment.

"For the next 30 seconds," he says, "think about anything you want to. Let your mind go free.

"But don't," he adds, "think about polar bears. Anything but polar bears." This usually results in first a look of concerned concentration, then chagrin, and finally enlightenment as the subject discovers his mind has had a short circuit implanted in it.

"Now," explains the consultant, "you can see what happens when you give a man the negative side of a problem. Even though you tell him to ignore or forget the mistakes of the past, what you have really done is to lock his mind on those mistakes so he cannot get away from them."

The important point in favor of letting a new man cover ground that has been covered before is that he may get a different view of things. Or he may react to them in different ways. Out of these differences may come a new approach that just might solve the problem.

Something new

This is the type of problem, more than any other, where advance planning is absolutely necessary. People do not resist change as much as they resist the idea that they are going to be forced to change whether they like it or not.

Many new problems are forced on companies. Therefore the changes have to be made efficiently and effectively. Hilliard Paige, of General Electric's Missile and Space Vehicle Division, describes the situation in the changing technology of the space industry:

"With ballistic missiles," he says, "our equipment had to last 25 minutes—the length of time of a ballistic trajectory. This was stepped up to three or four days with the first generation of satellites, like the Discoverer. Now the requirement is switching to a year or more—and our equipment has to last all that time. It costs about \$10 million to put a satellite into orbit, and the customer who buys 10 of them likes to be sure that they are going to work. They have to last or we are dead."

If your problem involves something new, the key lies in obtaining the cooperation of workers in advance. There are several specific steps that can be taken to change potential resistance into an active interest in making the changes work.

First, you can solicit ideas for making the change from the people who will be involved—even line production workers—in the initial planning stages. This gives them a stake in the problem and, more importantly, a stake in the success of the new method. But your solicitation of ideas and suggestions must be sincere. Workers must know that you really want their ideas, and they must eventually see evidence that their ideas were seriously considered and used where possible. You should explain why other ideas were not used.

Another good technique when introducing something new, particularly in the areas of systems, procedures, and methods, is to present it as an experiment.



As long as you present something as experimental, you are free to make mistakes, to back off and try new approaches, and to solicit advice without seeming not to know what you are doing. Furthermore, the average worker will usually be more interested in helping you reach a successful conclusion to an experiment than he might be in helping make a success of an arbitrarily imposed new method.

Something borrowed

Problems that involve changing an existing situation differ from those in announcing something new. The necessity for change must first be spelled out, and acceptance of the necessity must be obtained.

You have to overcome the feeling of most people that the established way is probably good enough. There never seems to be a feeling of urgency about making minor changes—even when it can be shown



conclusively that a change would result in immediate benefit.

You can hint, suggest, and mildly question the appropriateness of the status quo. Often, however, such common techniques of seeding dissatisfaction fail to take root. This is where you have to drop back to the basic motivations that make people go. Try to present the problem so that each person will take a personal interest. This can be done through what one master salesman calls painting a picture of how things could be.

How do you paint such a picture? By appealing to the basic spurs that pertain to the particular person you want to act. For example, if prestige is important to him, discuss your objectives in terms of its challenge and the respect that awaits the man who can solve the problem. If, on the other hand, it is self-realization that makes him want to perform, you can suggest the opportunity to accomplish a really difficult task.

It is well to keep in mind that the person to whom you are making the suggestion may have been a big part of the present unsatisfactory situation. In fact, he could be the cause of it.

In this situation you certainly wouldn't harp on how badly things are going. Paint the picture of how they could be in the future—especially if only one little element in the over-all situation could be changed. It may be that more than one element needs changing, but in some instances it is easier to settle for making your gains in small pieces.

Something blue

Not all problems are really opportunities, in spite of the positive-thinking cult that says you should always look at them as such. Some problems must be solved out of sheer necessity and, though the individual person who solves them may be rewarded, probably neither he nor the company is going to think of them as an opportunity while he's doing it.

Look at Lockheed's problem with the Electra aircraft. It is doubtful if anyone felt that this problem

represented an opportunity. As another example, the airlines may feel that their best opportunity for survival lies in mergers or consolidations, but if they could accomplish profitable operations otherwise, most of them would prefer to continue as individual companies enjoying their own autonomies.

It is doubtful, for example, if any manager or group of managers ever enjoyed making the decision to close down a plant and deprive hundreds or thousands of people of their livelihoods. It is doubtful, too, that any manager ever enjoyed having to make the decision to commit a company's entire resources to supporting an entry into a new and unknown market where the risk could have been as much as the entire company's resources.

Yet these are problems that must often be faced and must be solved in any business.

Build climate of interest

Everything so far has assumed you must start from scratch to build interest in a problem in order to secure cooperation in acting upon it. However, it is far easier to get problems solved in an organization where the interest already exists—where there is a climate that makes problem-solving an accepted way of doing business. Building such a climate should be a full-time concern for the executive who wants to make his own life easier over the long pull.

There are several steps you can take to help build this climate. The first is to demonstrate your own receptiveness to ideas and suggestions on existing problems. Some executives regularly schedule meetings to talk over their problems with subordinates.

Be patient. Assume that others may not react to a new problem with the same enthusiasm and initial understanding that you have. If they seem slow in grasping the problem, or the opportunity, hold back in condemning or rejecting them as the instrument of solution.

Ask yourself first if you have really explained the problem in an understandable way. Or did you misjudge your man in terms of what would motivate him to take an interest in your problem?

One final word of caution: Human nature is skeptical enough to know when it is being presented with a phony opportunity. While it is both possible and morally acceptable for a manager to attempt to enlist a subordinate's emotional responses to capture his interest in solving a problem, it is dangerous for the manager to attempt to do this on an unsound basis.

The nature of the spur should be in keeping with the nature of the problem to be solved. Finding a correlation or natural link-up of the two may require a certain amount of analysis, or even unexpected ingenuity. But these are the kinds of thinking any company has a right to expect of its managers. They are, in fact, the kinds of problems the manager should be expected to solve as his own responsibility.

—JOSEPH G. MASON



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COMING: NEW JOBS

continued from page 41

products development. Another of the many new staff managers, he explores, evaluates and recommends projects aimed at future growth.

The long-range planning manager—or simply, planning manager—is usually an identical twin of the commercial development man. In one large company, however, he is primarily a fact-gatherer, while in another his main job is to assist the operating divisions and coordinate their planning. Whatever his duties, he cannot truly be considered a long-range planner because he has little to do with strategy. In time this will change and he will become a top corporate officer.

The new products manager frequently overlaps the work of, or substitutes for, the commercial development manager. But there is growing belief that his job is simply to see that all new product opportunities are properly explored and exploited. Business often fails to do this.

For instance, one major company recognized that there was a growing market for a type of product which it might well make but didn't. But

the various division people were so involved with their own immediate problems and products that they let the opportunity pass until finally the president himself set up a task force to develop and market the item. Now that company has a vice president for new products.

The director of distribution may be another standard top-echelon post some day. Right now the job is something of a rarity and also of uncertain definition.

This means that, should you decide you need such a man in your company, you will have to study many different job descriptions before deciding on your own. But if, as at H. J. Heinz Co., you think of distribution as the physical movement of products from the production line to your customers, then it will be clear that your new man should be concerned with transportation, materials handling, warehousing, inventory control and production planning.

The materials manager. "Materials management," says Vincent DePaul Goubeau, vice president-materials of RCA, "is concerned with the activities involved in the acquisition and use of all materials used in the production of finished products." These activities may include production and inventory control, purchasing, traffic, materials handling and receiving, and inspection.

The manufacturing research manager, according to Adolph Kastelowitz, manufacturing research director for Republic Aviation, is responsible for the development of new processes, methods, techniques and machinery specifications for working with the new materials that are being constantly perfected.

The value engineer, says J. D. Kaufman, of Martin-Marietta's value engineering staff, asks questions about products under development and "leads the design engineer into taking another look at his creation." Purpose of the look: to cut product costs without impairing quality.

The reliability director was fathered by the Defense Department a few years ago and is consequently found mainly in companies producing for the military and space agencies; but because of consumer demands for product characteristics which have not been met heretofore, he is making a place in automobile, appliance, and other firms. Just what he does, however, is still a matter for debate.

Reliability has been defined as the capacity of a product to do what it is designed to do for a given period. In other words, the reli-

ability director's job is to assure that a missile will complete its flight or that a refrigerator will perform properly until it becomes obsolete. So much importance is now attached to the job that one appliance company recently witnessed the spectacle of the reliability manager, a staff man, flying in the face of the line officers and decreeing that a new model they wanted could not be put into production.

Much of the confusion about reliability engineering stems from its relationship to quality control.

Julian Edelman, director of reliability engineering for Perkin-Elmer Corp., says: "Reliability is an organized program to determine, interpret and evaluate the effect of criteria on the design, assembly and test of a product. Reliability must be designed into or be inherent in equipment. Quality control, on the other hand, is an organized program to measure and record conformance of a product to specification, print or standard. It comes after the design of the equipment."

Despite these differences, the reliability and quality control people are often grouped in one department sometimes known by the new name of Product Assurance.

If some of these new titles seem fanciful or inexact, and some of the job functions unclear, give them time to jell. But don't be too sure they will, completely. Never in the history of business have jobs changed so rapidly.

Says Dr. Holmes: "Many positions for which men are being hired today will be obsolete 10 years hence—or so different that they are hardly recognizable."

Mr. Newman, among others, shares this view. He feels that two things presently prevent management from developing a clear-cut alignment of clear-cut jobs:

"First, they are not attuned to the things that machines can do and are therefore unable to make substantial use of them. Second, they are very unsophisticated about some of the modern developments in such special sciences as reliability analysis and operations research."

"Furthermore, because of this lack of sophistication and attunement, management is confused about how to divide responsibility between new functions and old."

Obviously these shortcomings will be corrected in time. When they are, your organization chart will probably be as different from the one you have today as that is from the one you had 15 or 20 years ago.

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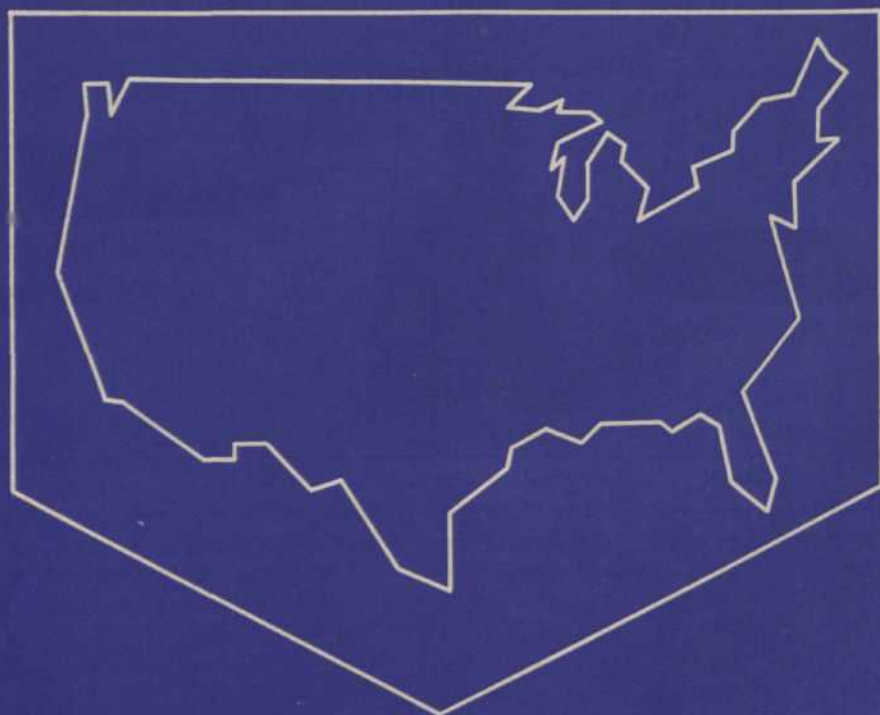
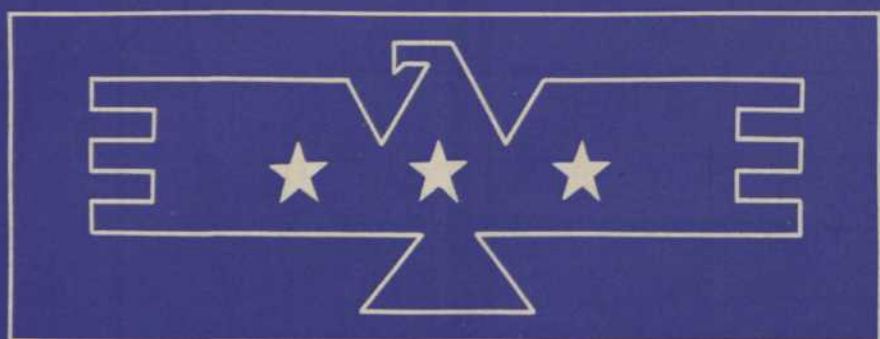
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A GROWING ORGANIZATION— AND A DOING ORGANIZATION

The membership of the National Chamber is today at an all-time high.

BUSINESS MEMBERS—firms, corporations and individuals—now total more than 30,000.

ORGANIZATION MEMBERS, affiliated organizations—local, state and regional chambers of commerce, and trade and professional associations—now total more than 3,900.

The *underlying membership* of the National Chamber—the local business and professional men, civic leaders and business firms which compose the membership of its affiliated organizations—is now past the 3,000,000-mark.

The National Chamber is a growing organization.

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The members of the National Chamber work together to help formulate national policies.

They work together to help strengthen and improve the American competitive enterprise system.

They work together to help solve national problems for the good of business and for the long-range good of the country.

If this makes sense to you—and if the National Chamber, as a growing organization and a doing organization, strikes you as

one in which you would like to have a part—write for information about membership.

GOALS

Here are the goals of the National Chamber. Here are the things which the members of the National Chamber—individuals, firms and organizations of business and professional men—are working together to accomplish:

1. To strengthen and improve the competitive enterprise system.
2. To keep the economy dynamic and expanding—to create new job opportunities—and to raise the American level of living.
3. To preserve our representative form of government, with proper checks and balances, and with limitations on its powers.
4. To encourage the solution of local and national problems through voluntary organized action, and thus to remove excuses for intervention by the federal government.
5. To reduce non-essential government spending.
6. To halt inflation by getting rid of the causes of inflation.
7. To equip and encourage businessmen and others to be better informed, more active and more responsible citizens.
8. To emphasize the worth and dignity of the individual.
9. To advance the political and economic interests of the United States in world affairs.
10. To keep the country productive and strong against the threat of war.

MEET TOMORROW'S CUSTOMER

Changes in buying habits will
offer new sales opportunities

AMERICA'S MUCH-PUBLICIZED retail revolution is creating many false impressions about tomorrow's consumers and markets.

The consumer is pictured as irrational, and the market of the future as the luxury market.

Neither of these widely accepted beliefs is on target.

Actually, today's new consumers know quite well what they want, although they do buy different things, in different places, and in different ways than before.

And the buying habits of these new consumers indicate that tomorrow's best opportunity probably lies in the activities market, rather than the luxury market as we generally think of it.

At first glance total diversity seems to characterize the new specialty mass markets which have grown so rapidly in this country in the past few years: paperback books and bowling, travel and graduate-school study, boating, hi-fi sets, stamp collecting.

Products and services are often involved, of course, but these things are all primarily related to activities rather than products or services. The customer pays for something to do rather than for something to have.

Businessmen and economists talk of goods and services, each with its own economic and buying characteristics. We will increasingly talk of goods, services, and activities. For activities are not only a large and growing market, but a very different market.

Above all the purchasing power of the activities market is not just money; the activities customer must have time to spare. In considering money, we distinguish between disposable income (take-home pay after taxes and deductions) and discretionary income (what is left after the essentials are paid for). Activities are bought primarily with discretionary time—waking hours not needed to earn a living or to run the household.

This explains the paradox of the activities market. Most activities are, strictly speaking, luxuries. But the prime customers for activities are not wealthy, so this is not a luxury market as commonly supposed.

Peter F. Drucker, the author, is professor of management, New York University, and a renowned management authority.



EXTRA TIME will let people try
something different



ACTIVITIES market will be more
important in years ahead



PURCHASING patterns of new
consumers differ widely

On the contrary, as their income goes up, their activities buying tends to fall. The good activities consumers are the young, educated families, with parents under 35 and small children.

This is not a high-income group unless mother works—and if there are small children she seldom does. It is a lower-middle income group, at or below the average family income in the country. In terms of discretionary income its status is even lower. For the young family with small children needs its money for essentials—the family's first home, furniture and appliances, and so on.

But this young, educated family also has much discretionary time—more than it will have until the children are grown and through with their education, if not until father reaches retirement age.

The income of this family is likely to rise fairly fast after age 35 or 40. It continues to rise until father is well past 50. But discretionary time tends to shrink once the man of the family has passed his thirty-fifth birthday. A more responsible job means bringing work home in the evening, traveling on business, and longer hours in the office.

Older children take more household time, which cuts into discretionary time available for buying activities. Saturday mornings, for instance, are no longer available to go shopping for power tools, lawn-care products or hi-fi components; father instead has to chauffeur the kids to their music lesson or the cub scout picnic.

So, contrary to all rules of the economist and marketing man, what is in terms of prices a luxury market is in terms of consumer income a lower middle-class market—and disappears when the customers get the money to afford luxuries.

The activities market offers great opportunities, for it will continue to grow fast—faster perhaps than any other major market. But it will also be more competitive than most markets. Activities cannot be stored. They must be engaged in within a certain, limited time. The family can go boating on a Saturday, or it can go camping, or it can work on lawn and garden. It cannot do all these.

If young Bobby puts together a model airplane between dinner and bed time, he cannot work at his stamp collection. Father can either go bowling or go to graduate school. The competitive struggle for a share of discretionary time is therefore bound to be a good deal more intense even than competition for a share of discretionary income.

But activities are even more important as a symptom of the profound changes in economy, market and buying habits which are being brought about by the emergence of the young, educated family as the new and dominant consumer in this country.

Two thirds of the nation

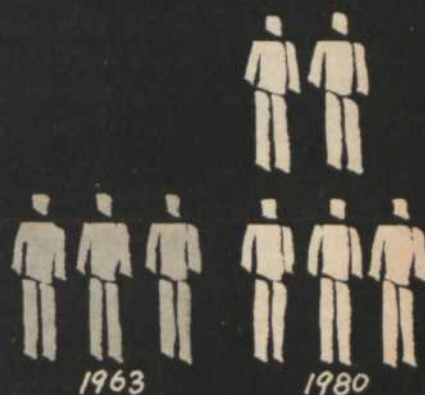
Few people realize how young this country is about to become. In fact we will be a younger country, in terms of the age distribution of our population, than we have been since Civil War days. In the next 15 years, that is until the late 1970's, the American population will grow between one quarter and one third. But the number of young people between 20 and 35 will grow by as much as two thirds.

And since everyone who will be over 20 in 1980 is already alive today, this is not a prediction. It has already happened. Altogether, people under 35 will be more than two thirds of the American population by the late 1970's. By contrast, the number—and the percentage—of people aged 35 to 55 will decline from now until the early 1980's.

A large and growing proportion of these young families of tomorrow will be highly educated, with high school taken for granted, and at



RENTAL ECONOMY appeals to young family on the way up



POPULATION rise in younger customers will change markets



EDUCATED FAMILIES will want better, different products

CUSTOMER

continued

least half of the men—and almost as many of the girls—having had some college.

It is the combination of age and education that changes the buying and spending patterns of the new consumers. The most important change is probably that their buying is much less determined by their income. It is rather determined by their expectations.

Since we first began, 40 years ago, to study the behavior of the American consumer, one axiom has been accepted as having practically the force of a law of nature: Consumers within the same income group buy the same things. Low income groups buy certain things in certain price ranges; low-middle, upper-middle and upper income groups buy other things.

The new customers seem never to have heard of the axiom.

The young electronics engineer may have the same income as the factory worker, maybe less. But he buys in a quite different pattern. He tries to live in a neighborhood with good schools, a situation which tends to mean a much more expensive house in a much better neighborhood. Even if his wife cannot yet afford the gracious home she reads about, she may try to make a start toward it right now.

Young women with moderate incomes, but well educated and married to highly educated husbands, for instance, are the customers for the live art by good and even famous masters which Sears Roebuck has been offering in a number of medium-sized cities—even though it's commonly believed that original art is something only the wealthy can afford.

But, of course, money is still a reality. Because of their education and the kind of jobs they hold, the new consumers get more credit, to be sure. This, in large part, underlies the rapid expansion of retail credit in the past few years. They also are much more willing to live on credit than their parents, who still remember the depression. In fact the new consumers seem to prefer living in a rental economy in which the size of the monthly payment rather than the total price really matters.

But they still have to pay their bills like the rest of us.

To be able to buy certain things according to their expectations, the new consumers therefore tend to

buy well below their income in other areas.

They tend to buy older and less expensive autos than industrial workers with the same income. The oldest and shabbiest cars on the parking lot of space companies belong typically to the Ph.D.'s (unless they go in for flashy, imported sports cars).

Industrial workers' wives do not, as a rule, buy second-hand clothing for their children. They buy new clothing unless used clothes come down to them within their own family. But the wife of the young chemist or young accountant living in a metropolitan suburb is perfectly willing to buy little Susie's snow-

ads; for her Tiffany may mean "for millionaires only." But her daughter—young, educated and married to a young, educated fellow—apparently sees no reason why she should not shop in a carriage trade store.

The young, educated wife with moderate income but high expectations is also the best customer of the discount house. She sees no reason why she should not go straight from Tiffany's to an overcrowded bargain basement to buy the cheapest brand-name children's socks she can find.

And while many downtown department stores have seen sales and profit margins shrink these past 10 years, one large store in New York City has increased both sales and profits faster than any discount house by making itself into the high-quality store for the young of all income groups.

Far from considering the shopping center or the discount house as a competitive threat, the people in this store consider it an advantage.

"We want our customers to do their everyday buying at the lowest price they can find," one store executive says: "They'll have more money then to spend with us when they want a really good winter coat, or a nice party frock for a teen-age daughter or luggage for that one long weekend at a fashionable resort."

Neither the idea of a class store—whether for the rich, for the poor, or for the middle class—nor that of a neighborhood store is too meaningful for the new consumers. In both socioeconomic terms and in geography their horizon is so wide as to be almost limitless.

They demand service when they think they pay for it—in the traditional department store, for instance. But the absence of service in a discount house and supermarket does not keep them away. They do not expect to get it because they do not feel that they pay for it.

The idea that one kind of retail establishment should be above them and another below them sounds like Greek to them. They may be status seekers and social snobs, but as customers they have little class consciousness of any kind.

As a result, any retail store in a wide, metropolitan area is in competition with all the others. As Nelson N. Foote, a well known analyst of the American family and its habits, recently concluded in a study made for the American Marketing Association:

"In the metropolitan communities

Will new laws create more jobs? What should the government's role be in helping to ease unemployment? For an analysis in depth see article on page 35

suit at the school sale or the church sale from some other chemist's or accountant's wife whose own child has outgrown the garment.

Where they go shopping

The new consumers break with the traditional buying pattern of the American market not only in respect to what they buy. Where they buy, too, is no longer determined by income.

In the past few years Tiffany's, the New York jewelry store, has been advertising Mother's Day gifts for less than \$20 one day, and diamond necklaces costing tens of thousands of dollars the next day—and in the same newspapers.

The older middle-class woman probably does not even look at the



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in which most Americans now live the stock of the stores of the entire area becomes the assortment available to [all customers]. Hence each of these stores, even the most generalized, becomes in a sense a specialty shop. This in turn means that each retailer will have to think through what customers he wants to attract and what is likely to attract and to hold them. Neither neighborhood nor price class by themselves will do this. Each store will have to develop a distinct personality to offer something distinctive to the new customers."

Misunderstood market

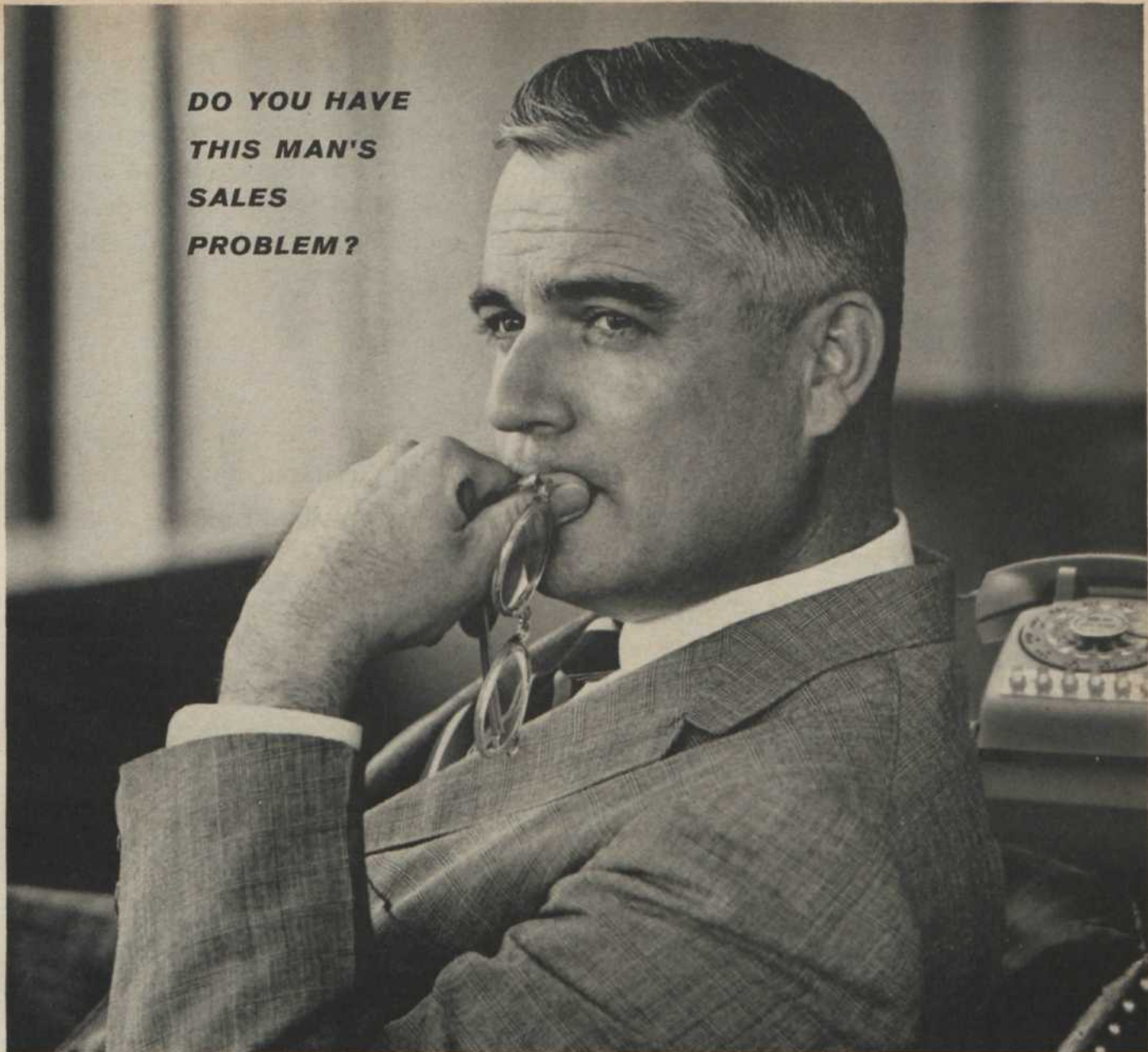
Finally, the buyer in the new consumer families is different than before for automobiles, for instance, and for life insurance and common stock. In market after market that used to be considered male, it is increasingly the woman who does the actual buying. Yet these do not thereby become female markets, the way fashion is a female market. They become family markets—the wife has to be sold in her capacity as general purchasing agent for family and home.

One reason for this development is that the young wives often have had more business experience than their husbands; many young married women work, while their young husbands attend college or graduate school. But the main reason, some recent studies indicate, is that the young wife simply has so much more discretionary time than her husband. Wise businessmen are noting this trend and patterning their selling efforts to it.

A great deal has been said and written in the past few years about the retail revolution in America and about the apparent chaos in our retail distribution. It is indeed in a state of rapid change. And to the old-timer who expects income-determined buying, class-determined shopping and sharply differentiated male and female markets, there is no explanation other than that the consumer is irrational.

There is, however, very little irrational in the behavior of the new consumers—the young, educated families. They behave differently because they are in a different situation, with different realities. And it is these new consumers who increasingly will be the typical consumers and the dominant force in the American market place. **END**

**DO YOU HAVE
THIS MAN'S
SALES
PROBLEM?**



*"How can we know when our
out-of-town accounts are ready to reorder?"*

**Answer: Use Long Distance to keep
on top of customer needs between visits!**

For example: Gross Electric Co., Toledo, Ohio, uses Long Distance regularly to build sales, improve customer relations and reduce losses to competition.

Its salesmen call customers regularly between visits to keep on top of buying cycles. Also, the firm invites customers to "Call Collect." Result:

50% of its business is obtained by telephone—at a sales cost of less than 1%.

Many business problems are really communications problems. And they can be solved by effective use of Bell System services: Long Distance... Private Line Telephone... Teletypewriter... Data Transmission... Wide Area Telephone Service.

Talk with one of our Communications Consultants. Just call your Bell Telephone Business Office.



BELL TELEPHONE SYSTEM

Solve business problems with communications

LIBERTY— OR SECURITY

ADMINISTRATION STRATEGISTS are both irritated and puzzled by the reluctance of Congress to approve the President's program.

After all, the proposals are supposed to solve problems for practically everybody. Problems of youth would be solved by federally financed schools or enrollment in the Youth Conservation Corps. Problems of the unemployed would be solved by fatter compensation checks or more federally financed retraining. Problems of the aged would be solved—at least a little while—by hospitalization at federal expense.

"The federal government," President Kennedy says, "must seek to meet those needs of the individual, the family and the community which can best be met by the nationwide cooperation of all. . . ."

Why then is Congress reluctant to approve all these proposals?

The answer has seldom been stated so clearly as it was 13 years ago by a young congressman from Massachusetts:

"The scarlet thread running through the thoughts and actions of people all over the world is the delegation of great problems to the all-absorbing leviathan—the State. Every time that we try to lift a problem to the government, to the same extent we are sacrificing the liberties of the people."

The young congressman's name was John F. Kennedy.

HERE'S NEW DIGGING POWER for fast, dependable trenching and excavating—a new International® backhoe matched to four sizes of International industrial tractors. Advanced split-console design gives operator a “grandstand” view for precise bucket control. Long life economy is assured through quality design, materials, and workmanship. Sold and serviced by the nation's largest network of industrial tractor dealers. One is near you. For his name and catalog, write International Harvester Company, Dept. BN-5, P. O. Box 7333, Chicago 80, Illinois.



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Just thought we'd make our point with a fanfare — that the new OMC 17 Dual Deluxe has more than enough power to put this 12-man load on plane within 12 seconds.* Two OMC 488 stern drives add up to 176 horsepower, and with a smaller combo aboard (your family, for example), you can plane on one engine alone. You'll like the ride, because OMC's exclusive-design hull won't tip in sharp turns or with lopsided loads, has built-in flotation to make it virtually unsinkable. It's complete and ready to ramble with a lot of extras that *don't cost extra*. So for the ultimate in a pleasure boating package, go lend an ear to your OMC Boats dealer now. He'll sing a song of pleasing prices, too.

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*Of course, you understand this is "banned" practice as far as good boating is concerned. We did it only to prove a point.